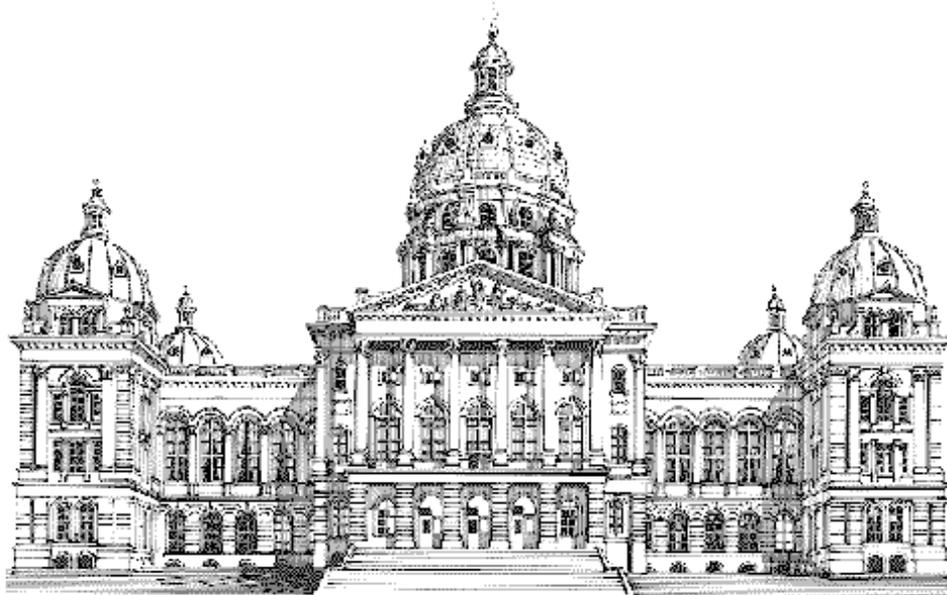


SUMMARY OF FY 2003 BUDGET AND GOVERNOR'S RECOMMENDATIONS



**Legislative Fiscal Bureau
January 2002**

FOREWORD

 The purpose of this document is to provide the General Assembly with information concerning FY 2003 General Fund estimated receipts, department requests, and Governor's recommendations. This information provides an overall summary of the State budget and is intended to help the General Assembly take a proactive approach toward the budgetary process.

This document is intended to present an overview of the General Fund, including revenues, expenditures, and FTE positions to all members of the General Assembly. The Legislative Fiscal Bureau (LFB) will have detailed budget documents for each appropriations subcommittee, containing an overview and analysis of departmental budgets and Governor's recommendations. The appropriations subcommittees can use the documents for consideration of the FY 2003 budget.

The LFB provides all standard publications in an electronic format on the Internet at www.staffweb.legis.state.ia.us/lfb/. The web site and list of products are detailed in Appendix E, entitled Electronic Publishing of Information.

If you need additional information regarding a department request, Appendix F contains a list of LFB staff members. Individual analysts can provide detailed information concerning each request.



Questions concerning this document should be directed to Dennis Prouty, LFB Director, (515) 281-5279.

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DOCUMENT NOTES

When Reviewing This Document, Please Note The Following:

Section 8.35A(2), Code of Iowa, requires the Department of Management (DOM) to transmit the Governor's recommendation to the LFB by January 1 or no later than the date the Governor's budget document is delivered to the printer. The information in this document is based on the January 17, 2002, budget information received by the LFB. In some instances, a department request may have been changed from the time the Department Request Summary was published in December.

Other items worth noting when reviewing this document include:

- Any new concept, new funding not included in a department request, or significant modification to a department funding request that is made by a Governor's recommendation is preceded by this symbol, ❖.
- *Any new concept introduced by the Governor and discussed within departmental issues is indicated by italics.*
- Revenues and expenditures are estimated for FY 2002 and FY 2003.
- FY 2001 data includes supplemental appropriations and salary adjustments, but not appropriation transfers or reversions.
- Estimated net FY 2002 includes the 4.3% across-the-board reduction, as well as action taken in the First and Second Extraordinary Sessions.
- Application of the 4.3% across-the board reduction lowers the estimated net FY 2002 base budget. As a result, restoration of the across-the-board reduction in FY 2003 calculates to a 4.5% increase.
- **Appendix A** is an appropriations tracking document showing General Fund and FTE position appropriations by subcommittee.
- **Appendix B** is a listing of the projected FY 2003 built-in increases and decreases compared to estimated FY 2002.
- **Appendix C** is a glossary of budget terms.
- **Appendix D** contains a listing of the *Issue Reviews* completed by the LFB staff during the 2001 interim.
- **Appendix E** contains an explanation of products available through the LFB's Electronic Publishing of Information. This document and others are available on the LFB's web site at www.staffweb.legis.state.ia.us/lfb/.
- **Appendix F** contains the LFB staff listing.

2002 IOWA LEGISLATIVE SESSION TIMETABLE

(If 2001 rules are amended by the General Assembly)

- **January 14** – First day of Session.
- **January 18** – Final day for individual requests for bill drafts to be submitted to the Legislative Service Bureau.
- **February 22** – Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- **February 25 - March 1** – House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- **March 4 - March 15** – Debate not limited by rule.
- **March 15** – Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- **March 18 - March 22** – House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- **March 25** – Amendments need not be filed on the day preceding floor debate.
- **March 25** – Only the following bills are eligible for consideration:
 - Appropriations bills
 - Ways and Means bills
 - Legalizing Acts
 - Co-sponsored by Majority and Minority Leaders
 - Companion bills sponsored by House and Senate Majority Leaders
 - Conference Committee Reports
 - Bills passed by both Houses in different forms
 - Concurrent or Simple Resolutions
 - Bills on the Veto Calendar
 - Administrative Rules Review Committee bills
 - Joint Resolutions nullifying Administrative Rules
 - Unfinished business
- **April 13** – 90th day of Session.



EXPENDITURE LIMITATION ACCOUNTS

Cash Reserve Fund

- The Cash Reserve Fund Account requires a balance of 5.0% of the adjusted revenue estimate for the General Fund.
- The year-end General Fund surplus (ending balance) is appropriated to the Cash Reserve Fund.
- Interest earned on moneys in the Cash Reserve Fund is credited to the Rebuild Iowa Infrastructure Fund (RIIF). For FY 2002 the interest was deposited into the General Fund. *The Governor is recommending depositing the interest from the Cash Reserve Fund and the Economic Emergency Fund into the General Fund for FY 2003. This is estimated to be \$20.0 million.*
- Moneys in the Cash Reserve Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund are allowed if:
 - The appropriation is made during the fiscal year that it is to be used.
 - The appropriation is for a non-recurring emergency expenditure.
 - Funding is contained in a bill or resolution in which the appropriation is the only subject matter.
 - The appropriation is approved by a majority of the members of both chambers and the Governor if the Fund is not reduced to below 3.0%. Approval of 60.0% of the members of both chambers and the Governor is required if the Fund is to be reduced below 3.0% of the adjusted General Fund revenue estimate.
 - If funds are appropriated and the General Fund surplus is not adequate to rebuild the Fund to 5.0%, then the following provisions apply. There is appropriated from the General Fund as a standing unlimited enough to bring the Cash Reserve Fund to 5.0% if the balance of the current year is between 4.0% and 5.0%. If the current year balance is under 4.0%, there is appropriated from the General Fund as a standing unlimited enough to increase the Cash Reserve Fund 1.0%.



Generally Accepted Accounting Principles (GAAP) Deficit Reduction Account

- The Generally Accepted Accounting Principles (GAAP) Account receives the amount of Cash Reserve Fund moneys in excess of the required balance. The Fund did not have a balance at the beginning of FY 2002.
- The Department of Management must annually file, with both houses of the General Assembly, a schedule of the items for reducing the GAAP deficit.
- Moneys, which exceed the amounts required to retire the GAAP deficit, are appropriated to the Economic Emergency Fund.



Iowa Economic Emergency Fund

- The maximum balance of the Economic Emergency Fund Account is 5.0% of the adjusted revenue estimate for the General Fund. Moneys in excess of the required 5.0% are transferred to the General Fund.
- Interest on moneys deposited into the Economic Emergency Fund is credited to the Rebuild Iowa Infrastructure Fund. For FY 2002 the interest was deposited into the General Fund. *The Governor is recommending depositing the interest from the Cash Reserve Fund and the Economic Emergency Fund into the General Fund for FY 2003. This is estimated to be \$20.0 million.*
- Moneys in the Economic Emergency Fund may be used for cash flow purposes, but shall be returned by the end of the fiscal year.
- Appropriations from the Fund require approval of a majority of the members of both chambers and the Governor's signature for an emergency expenditure.
- Appropriations from the Fund are allowed if:
 - The appropriation is made during the fiscal year that it is to be used.
 - The appropriation is for an emergency expenditure.
- If funds are appropriated, then the General Fund surplus fills the Economic Emergency Fund as available. There is not a direct appropriation to refill the Fund.
- During the November 2001 Special Session, the Legislature passed and the Governor signed House File 759. This Act made the following changes:
 - Allows flexibility in use of the Economic Emergency Fund for cash flow purposes.



- Allows for an appropriation from the Economic Emergency Fund to reduce a negative ending balance in the State General Fund. The appropriation is limited to \$50.0 million. The appropriation is contingent upon the following occurrences:
 - The Revenue Estimating Conference estimate of General Fund receipts made during the last quarter of the fiscal year were at least 0.5% less than the comparable estimate made during the third quarter of the fiscal year.
 - The balance of the General Fund of the State at the end of the fiscal year prior to the appropriation was negative.
 - The Governor has issued an official proclamation and has notified the Legislature.
 - If this appropriation authority is used, a like amount is appropriated from the General Fund back into the Economic Emergency Fund the following fiscal year.

Flow of General Fund Revenues After Expenditure Limitation

The flowchart on page 7 illustrates the flow of General Fund revenues after expenditure limitation.

STATE OF IOWA

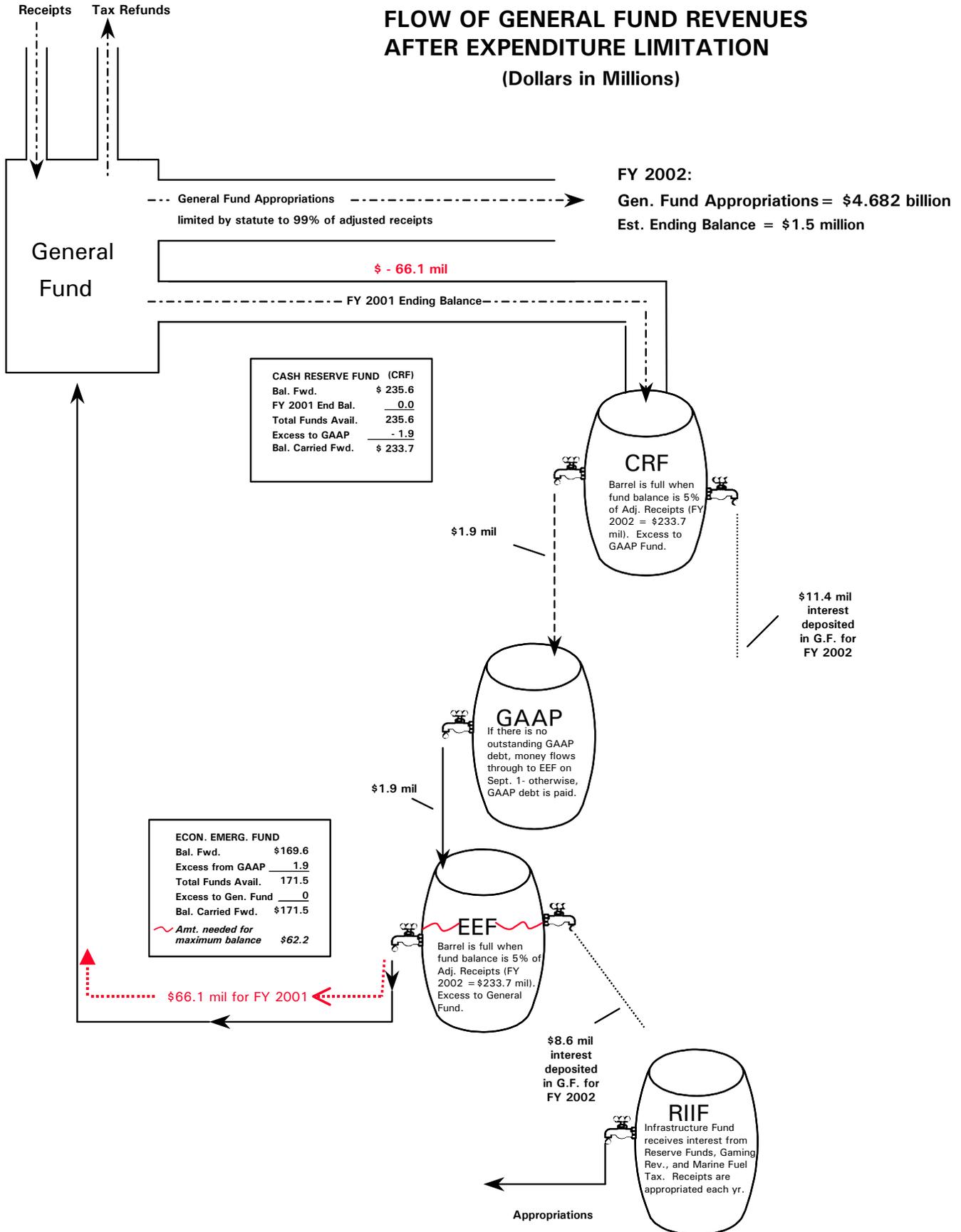
Flow of General Fund Revenues After Expenditure Limitation

(Dollars in Millions)

CASH RESERVE FUND (CRF)	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Gov.Rec. FY 2003
Balance Brought Forward	\$ 221.9	\$ 229.9	\$ 235.6	\$ 233.7	\$ 233.7
Estimated Revenues:					
General Fund Ending Balance	283.8	175.6	0.0	1.5	1.5
Gen. Fund approp. for 5.0% Requirement				2.6	
Transfer From Econ. Emergency					3.3
Total Funds Available	505.7	405.5	235.6	237.8	238.5
Excess Transferred to GAAP	- 275.8	- 169.9	- 1.9	0.0	0.0
Balance Carried Forward	<u>\$ 229.9</u>	<u>\$ 235.6</u>	<u>\$ 233.7</u>	<u>\$ 237.8</u>	<u>\$ 238.5</u>
GAAP DEFICIT REDUCTION ACCOUNT	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Gov.Rec. FY 2003
Balance Brought Forward	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Estimated Revenues:					
Excess Transferred from CRF	275.8	169.9	1.9	0.0	0.0
Total Funds Available	275.8	169.9	1.9	0.0	0.0
Excess Transferred to EEF	- 275.8	- 169.9	- 1.9	0.0	0.0
Balance Carried Forward	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
IOWA ECONOMIC EMERGENCY FUND (EEF)	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Estimated FY 2003	Gov.Rec. FY 2003
Balance Brought Forward	\$ 221.9	\$ 229.9	\$ 169.6	\$ 171.5	\$ 171.5
Estimated Revenues:					
Excess from GAAP	275.8	169.9	1.9	0.0	0.0
Transfer To Cash Reserve Fund					- 3.3
Special Transfer to General Fund					- 48.0
Total Funds Available	497.7	399.8	171.5	171.5	120.2
Excess Transferred to Gen. Fund	- 267.8	- 164.1			
Special Transfer to Gen. Fund		- 66.1			
Balance Carried Forward	<u>\$ 229.9</u>	<u>\$ 169.6</u>	<u>\$ 171.5</u>	<u>\$ 171.5</u>	<u>\$ 120.2</u>

FLOW OF GENERAL FUND REVENUES AFTER EXPENDITURE LIMITATION

(Dollars in Millions)



FY 2003 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC), which meets quarterly. Members are the Director of the Legislative Fiscal Bureau, the Governor or the Governor's designee, and a third member agreed to by the other two members. The REC was created by statute in 1987 during government reorganization.

The December estimate is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December. ***For 2002, the April REC meeting has been moved to March 7.***

On December 7, 2001, the REC estimated FY 2003 total State General Fund tax revenues, prior to transfers, at \$5.302 billion. This reflects growth in revenue of \$109.8 million (2.1%) compared to estimated FY 2002.

The December REC also estimated transfers to the General Fund and General Fund tax refunds. Fiscal year 2003 transfers were estimated at \$38.7 million, a decrease of \$11.6 million (23.1%) compared to estimated FY 2002. Fiscal year 2003 tax refunds were estimated at \$604.3 million, an increase of \$27.3 million (4.7%).

Therefore, net General Fund FY 2003 revenues, after transfers, refunds, and accrued revenues, were estimated at \$4.745 billion, which represents \$71.9 million in net new money (1.5%) compared to estimated FY 2002. The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus General Fund balances from the prior year in excess of reserve requirements.

STATE OF IOWA

Projected Condition of the General Fund

STATE OF IOWA GENERAL FUND BALANCE

(Dollars in Millions)

	Fiscal Year 2002		Fiscal Year 2003	
	Governor's Recomm.	Current Law	Governor's Recomm.	Current Law
Estimated Funds Available:				
Estimated Receipts				
Revenue Est. Conference				
Receipts	\$ 5,192.4	\$ 5,192.4	\$ 5,302.2	\$ 5,302.2
Transfers	50.3	50.3	38.7	38.7
Excess from Economic Emergency Fund	0.0	0.0	0.0	0.0
Special Transfer fm. Econ. Emergency			48.0	
Revenue Adjustments (Exh. 1)			14.5	
Transfers (Exh. 1)	1.0	1.0	11.0	11.0
Total Receipts	5,243.7	5,243.7	5,414.4	5,351.9
Tax Refunds	- 577.0	- 577.0	- 604.3	- 604.3
Accruals	7.0	7.0	8.0	8.0
Total Funds Available	4,673.7	4,673.7	4,818.1	4,755.6
			\$ 4,769.9	\$ 4,708.0
Expenditure Limitation				
Estimated Appropriations:				
General Fund	4,682.4	4,682.4	4,769.7	
Reversions:				
Regular	- 10.2	- 10.2	- 10.0	
Operations			- 2.5	
Net Appropriations	4,672.2	4,672.2	4,757.2	
Ending Balance prior to Cash Reserve Transfer	\$ 1.5	\$ 1.5	\$ 60.9	

STATE OF IOWA GENERAL FUND BALANCE

(Dollars in Millions)

Exhibit 1

	Fiscal Year 2002		Fiscal Year 2003	
	Governor's Recomm.	Current Law	Governor's Recomm.	Current Law
Revenue Adjustments				
Interest From Reserve Funds	\$	\$	\$ 20.0	\$
Income Tax Reciprocity - Illinois			16.0	
Veterans Home Net Budgeting			- 30.4	
<hr style="border-top: 1px dashed black;"/>				
Income Offsets Regents Retirement			0.7	
Asset Sales			0.5	
S-Corporation Changes			- 0.9	
<hr style="border-top: 1px dashed black;"/>				
Internal Revenue Code Update			- 3.3	
Liquor Bailment			0.3	
Waste Tire Fund			1.6	
<hr style="border-top: 1px dashed black;"/>				
Title Guarantee Surplus Balance			2.7	
Vehicle Depreciation Fund Balance			4.4	
Reduced Institutional Payments			- 0.8	
<hr style="border-top: 1px dashed black;"/>				
Fines and Fees:				
Court Civil Fees			2.0	
Gaming Enforcement Costs			1.7	
Total Revenue Adjustments	\$ 0.0	\$ 0.0	\$ 14.5	\$ 0.0
 Transfers				
Revenue Estimating Conference:				
Lottery Proceeds	\$ 32.5	\$ 32.5	\$ 33.5	\$ 33.5
Marine Fuel Tax	0.4	0.4	0.4	0.4
<hr style="border-top: 1px dashed black;"/>				
Prison Infrastructure Fund	6.1	6.1		
Indirect Cost	3.0	3.0	3.0	3.0
Ground Water Transfer	4.2	4.2		
Miscellaneous	2.1	2.1	1.8	1.8
<hr style="border-top: 1px dashed black;"/>				
Tax Revenue Anticipation Notes Proceeds	2.0	2.0	38.7	38.7
	50.3	50.3	38.7	38.7
Governor's Recommendations:				
Retiree Attrition Transfer Fund	1.0	1.0	0.0	0.0
<hr style="border-top: 1px dashed black;"/>				
Prison Infrastructure Fund			7.6	7.6
Tax Revenue Anticipation Notes Proceeds			3.4	3.4
Total Cash Transfers	\$ 51.3	\$ 51.3	\$ 49.7	\$ 49.7

**STATE OF IOWA
GENERAL FUND BALANCE**

(Dollars in Millions)

Exhibit 2

	Fiscal Year 2002		Fiscal Year 2003	
	Governor's Recomm.	Legislative Action	Governor's Recomm.	Current Law
Appropriations				
FY 2003 Appropriations:				
Admin. & Regulation Sub.	\$	\$	\$ 165.9	\$
Ag. & Natl. Resources Sub.			34.7	
Economic Development Sub.			29.6	
Education Sub.			951.8	
Health & Human Rights Sub.			54.0	
Human Services Sub.			758.5	
Justice System Sub.			431.5	
Trans. and Capitals Sub.			2.7	
Oversight & Communications			1.9	
Other Unassigned Standings-current law			2,339.1	2,339.1
Adjustments to Standings:				
Total Appropriations	\$ 0.00	\$ 0.00	\$ 4,769.7	\$ 2,339.1

Exhibit 3

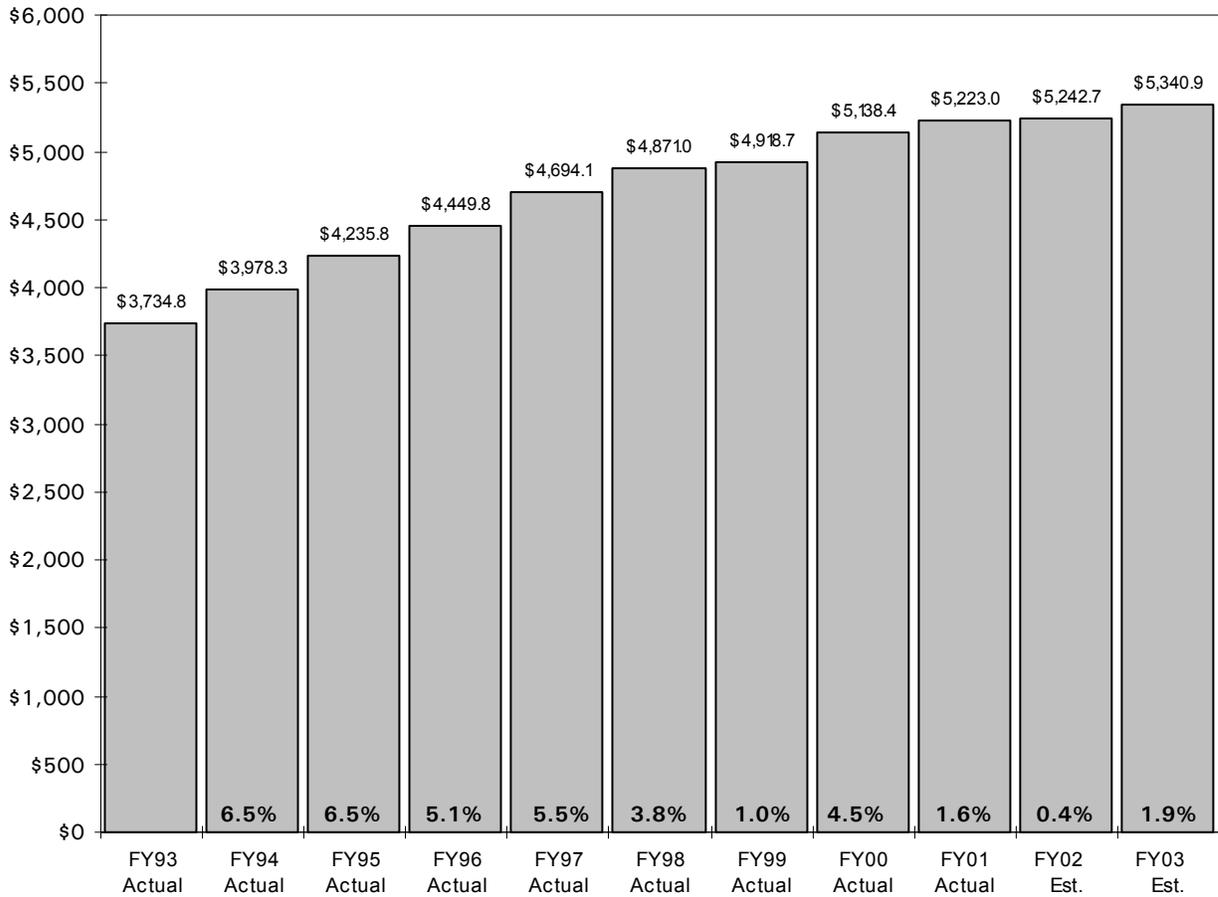
Expenditure Limitation

	Fiscal Year 2003			
	Amount	%	Governor's Recomm.	Current Law
Revenue Estimating Conference	\$ 5,302.2	99%	\$ 5,249.2	\$ 5,249.2
Transfers	49.7	99%	\$ 49.2	\$ 49.2
Refund of Taxes	- 604.3	99%	- 598.3	- 598.3
Accrued Revenue Changes	8.0	99%	7.9	7.9
Special Transfer Economic Emergency Fund	48.0	100%	48.0	
Total			4,756.0	4,708.0
Revenue Adjustments:				
Interest From Reserve Funds	20.0	99%	19.8	
Income Tax Reciprocity - Illinois	16.0	99%	15.8	
Veterans Home Net Budgeting	- 30.4	99%	- 30.1	
Income Offsets Regents Retirement	0.7	99%	0.7	
Asset Sales	0.5	95%	0.5	
S-Corporation Changes	- 0.9	99%	- 0.9	
Internal Revenue Code (IRC) Update	- 3.3	99%	- 3.3	
Liquor Bailment	0.3	95%	0.3	
Waste Tire Fund	1.6	95%	1.5	
Title Guarantee Surplus Balance	2.7	95%	2.6	
Vehicle Depreciation Fund Balance	4.4	95%	4.2	
Reduced Institutional Payments	- 0.8	99%	- 0.8	
Court Civil Fees	2.0	95%	1.9	
Gaming Enforcement Costs	1.7	99%	1.7	
Total Revenue			\$ 4,769.9	\$ 4,708.0

Totals may not add due to rounding.

STATE GENERAL FUND RECEIPTS AND PERCENT OF GROWTH FY 1993 - FY 2003

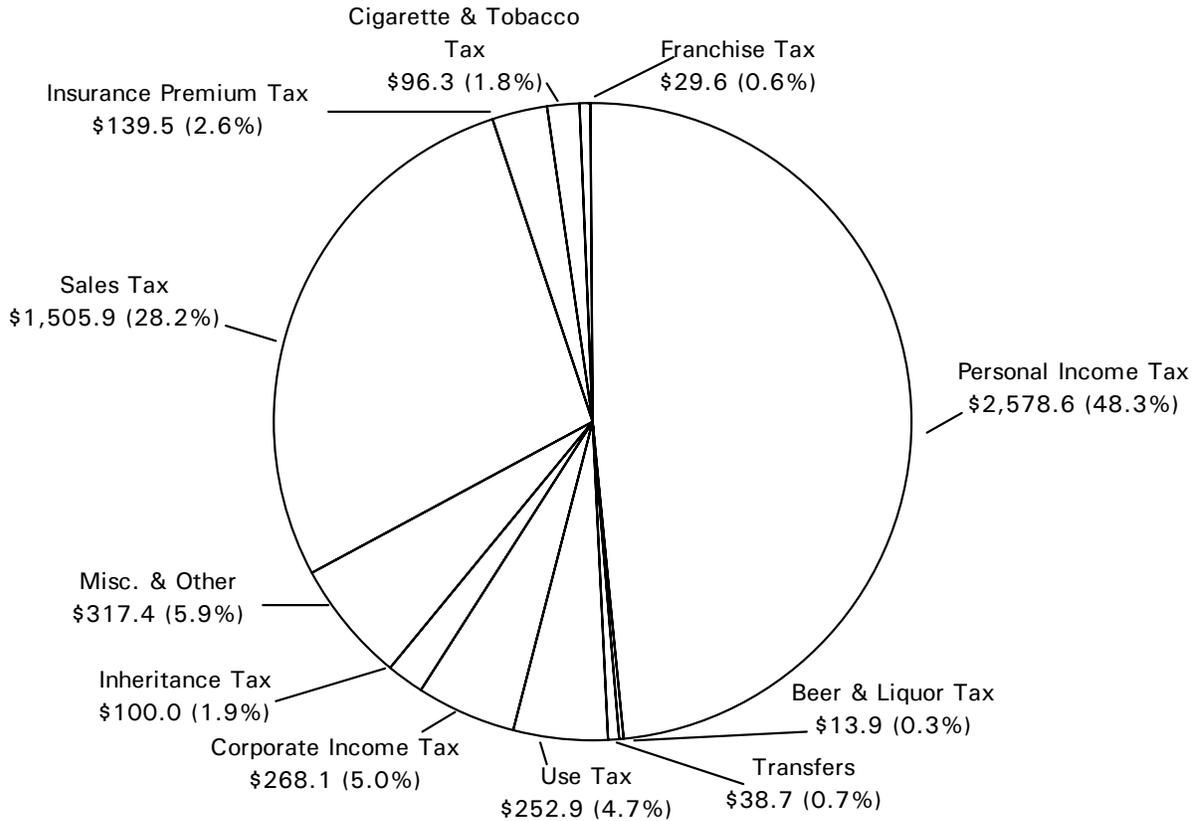
(Dollars in Millions)



Note: FY 2002 and FY 2003 figures are as estimated by the December 7, 2001, Revenue Estimating Conference. The amounts reflect tax revenues, other receipts, and transfers deposited to the General Fund. The amounts are not adjusted for tax refunds and accrued revenue adjustments.

FY 2003 ESTIMATED GENERAL FUND RECEIPTS

(Dollars in Millions)



Total Estimated FY 2003 General Fund Receipts: \$5.341 billion

Note: As estimated by the December 7, 2001, Revenue Estimating Conference.

Total revenues, including transfers, prior to tax refunds.

Does not include accrued revenue adjustments.

Totals may not add due to rounding.

FY 2001 - FY 2003 REVENUE PROJECTION FOR THE GENERAL FUND

(Dollars in Millions)

	% Change FY 2001 vs.		% Change FY 2002 Est. vs. FY 2001		% Change FY 2003 Est. vs. FY 2002	
	FY 2001 Actual	FY 2000 Actual	FY 2002 Estimate	FY 2002 Est. Actual	FY 2003 Estimate	FY 2003 Est. Estimate
Tax Receipts						
Personal Income Tax	\$2,426.6	2.1%	\$2,486.6	2.5%	\$2,578.6	3.7%
Sales Tax	1,441.7	1.8%	1,483.0	2.9%	1,505.9	1.5%
Use Tax	249.4	1.1%	251.9	1.0%	252.9	40.0%
Corporate Income Tax	284.8	-12.7%	242.1	-15.0%	268.1	10.7%
Inheritance Tax	104.6	-8.9%	115.0	9.9%	100.0	-13.0%
Insurance Premium Tax	126.6	5.3%	132.9	5.0%	139.5	5.0%
Cigarette Tax	89.6	-1.6%	89.6	0.0%	89.6	0.0%
Tobacco Tax	6.7	1.5%	6.7	0.0%	6.7	0.0%
Beer Tax	13.6	0.0%	13.9	2.2%	13.9	0.0%
Franchise Tax	31.2	-1.9%	29.5	-5.4%	29.6	0.3%
Miscellaneous Tax	1.3	0.0%	1.3	0.0%	1.3	0.0%
Total Tax Receipts	4,776.1	0.7%	4,852.5	1.6%	4,986.1	2.8%
Other Receipts						
Institutional Payments	47.2	-5.0%	46.4	-1.7%	46.9	1.1%
Liquor Profits	37.5	4.2%	37.0	-1.3%	37.0	0.0%
Liquor Gross Revenues	9.0	0.0%	9.0	0.0%	9.0	0.0%
Interest	18.2	-30.0%	30.0	64.8%	8.0	-73.3%
Fees	72.5	9.4%	71.2	-1.8%	68.7	-3.5%
Judicial Revenue	48.8	-6.7%	51.6	5.7%	51.6	0.0%
Miscellaneous Receipts	45.2	-14.2%	34.7	-23.2%	34.9	0.6%
Racing and Gaming	60.0	0.0%	60.0	0.0%	60.0	0.0%
Total Other Receipts	338.4	-3.9%	339.9	0.4%	316.1	-7.0%
Total Taxes & Other Receipts	5,114.5	0.3%	5,192.4	1.5%	5,302.2	2.1%
Transfers						
Lottery	34.3	-7.5%	32.5	-5.2%	33.5	3.1%
Other Transfers *	74.2	1548.9%	17.8	-76.0%	5.2	-70.8%
Total Transfers	108.5	160.8%	50.3	-53.6%	38.7	-23.1%
Total Receipts & Transfers	5,223.0	1.6%	5,242.7	0.4%	5,340.9	1.9%
Accrued Revenue (net)	-25.3	-151.2%	7.0	-127.7%	8.0	14.3%
Tax Refunds	-550.7	5.9%	-577.0	4.8%	-604.3	4.7%
Net General Fund Receipts	\$4,647.0	-0.4%	\$4,672.7	0.6%	\$4,744.6	1.5%

*FY 2001 includes \$64.6 million in Tobacco Settlement funds.

Note: The Revenue Estimating Conference estimated FY 2002 and FY 2003 General Fund revenues on December 7, 2001. The individual revenue items are projected on a July 1 to June 30 fiscal year basis and do not reflect accruals. The revenue total is adjusted for accruals by the Accrued Revenue (net) line at the bottom of the table. Tax refunds are reported on an accrual basis.

GOVERNOR'S FY 2003 GENERAL FUND RECOMMENDATION

The Governor's FY 2003 General Fund appropriation recommendation is \$4.8 billion, an increase of \$87.2 million (1.9%) compared to estimated FY 2002.

FY 2002

The Governor is not recommending a General Fund supplemental appropriation for FY 2002. The Governor is recommending Other Funds as a source for \$18.6 million in supplemental appropriations for Medicaid (see **Table 1** for detail).

FY 2003

The Governor's FY 2003 General Fund budget recommendation proposes revenue changes resulting in a net revenue increase of \$62.5 million. The four largest revenue changes are:

- **\$48.0 million Economic Emergency Fund (EEF) to General Fund** - Increase revenues by \$48.0 million by transferring funds from the EEF to the General Fund. This requires legislative action.
- **\$30.4 million Iowa Veterans Home Net Budgeting** – Decrease General Fund revenues by \$30.4 million by implementing net budgeting at the Iowa Veterans Home. This decrease in revenues is offset by a \$33.6 million decrease in the FY 2003 Governor's recommended appropriation for the Iowa Veterans Home.
- **\$20.0 million Reserve Fund Interest** - Increase revenues by \$20.0 million by depositing the interest on the Reserve Funds into the General Fund. This was done for FY 2002, and the Governor's proposal extends it an additional year. The interest on these funds had been deposited into the Rebuild Iowa Infrastructure Fund (RIIF).
- **\$16.0 million Tax Reciprocity** - Increase revenues by an estimated \$16.0 million by terminating the Iowa/Illinois tax reciprocity agreement.

Other major revenue changes recommended by the Governor involve moving items funded from the General Fund in the past to non-General Fund sources. The Governor is recommending that \$58.0 million be appropriated from the Motor Vehicle Use Tax to pay for expenditures funded from the General Fund in FY 2002. In addition, the Governor is recommending an \$18.6 million supplemental appropriation in FY 2002 and \$47.0 million in FY 2003 for Medicaid be funded from non-General Fund sources. **Table 1** shows the recommended shifts.

**Table 1 – Governor's FY 2002 Supplemental and FY 2003 Appropriations
Offsets to the General Fund**

<u>Appropriation</u>	<u>Proposed Fund</u>	<u>General Fund Est. FY 2002</u>	<u>Gov. Supp. FY 2002</u>	<u>Gov. Rec. FY 2003</u>
Public Safety				
Public Safety Administration	Motor Vehicle Use Tax	\$ 2,551,402	\$ 0	\$ 2,510,480
Investigation, DCI	Motor Vehicle Use Tax	12,606,956		12,846,699
Undercover Funds	Motor Vehicle Use Tax	129,804		129,804
Capitol Police	Motor Vehicle Use Tax	1,323,575		1,323,575
Iowa State Patrol	Motor Vehicle Use Tax	38,439,694		38,160,344
DPS/SPOC Sick Leave Payout	Motor Vehicle Use Tax	288,139		288,139
Economic Development				
Value-Added Ag Products	Motor Vehicle Use Tax	2,727,450		2,727,450
	<i>Use Tax Total</i>	<u>\$ 58,067,020</u>	<u>\$ 0</u>	<u>\$ 57,986,491</u>
Human Services				
Medicaid	Medical Asst. Supp. SLTF	\$ 0	\$ 5,000,000	\$ 10,000,000
Medicaid	Hospital Trust Medical Supp.			25,000,000
Medicaid	Tobacco Endowment		13,600,000	12,000,000
	<i>Grand Total</i>	<u>\$ 58,067,020</u>	<u>\$ 18,600,000</u>	<u>\$ 104,986,491</u>

The Governor's Medical Assistance (Medicaid) FY 2003 recommendation includes a reduction of \$40.0 million compared to projected need, to be determined at a later date with the General Assembly by either increasing revenues specifically for funding Medicaid, or by decreasing expenditures for Medicaid.

The Governor's FY 2003 General Fund budget recommendation proposes appropriations resulting in an increase of \$87.2 million. The five largest changes (not discussed in the above sections) are:

- **\$55.6 million Salary Adjustment** - The Governor's FY 2003 General Fund budget recommendation includes an appropriation of \$55.6 million for salary adjustment. This is an increase of \$63.9 million compared to FY 2002. The FY 2002 Salary Adjustment Fund contained \$9.0 million of one-time non-General Fund resource (Underground Storage Tank funds) that needs to be replaced for FY 2003 as on-going costs.
- **\$59.0 million School Aid** - The Governor's FY 2003 General Fund budget recommendation for School Aid is an increase of \$59.0 million. This recommendation reduces allowable growth from 4.0% to 1.0%.
- **\$40.0 million Teacher Quality/Student Achievement** - The Governor recommends \$40.0 million to continue the Teacher Quality/Student

Achievement Program for FY 2003. This Program was funded at \$40.0 million in FY 2002 through an appropriation from Tobacco Settlement funds.

- **\$27.1 million Iowa Health Endowment** - The Governor recommends a General Fund appropriation to the Iowa Health Endowment of \$27.1 million to pay for debt service on capital projects. This is an increase of \$19.8 million compared to FY 2002. This increase is offset by reducing the General Fund appropriation for the Board of Regents debt service by an additional \$8.5 million and the Iowa Communications Network (ICN) debt service by an additional \$11.3 million.
- **\$17.0 million New Administrative Agency** - The Governor recommends \$17.0 million for a combined administrative agency. This agency would include the Department of Personnel, Department of General Services, ICN, Information Technology Department, and the Financial Management Section of the Department of Revenue and Finance. The FY 2002 General Fund appropriation for all these entities was \$20.0 million. The Governor is recommending a net reduction of \$3.0 million.

The Governor's FY 2003 proposed expenditures are \$200,000 lower than the 99.0% expenditure limitation. The Governor's projected ending balance for FY 2003 is \$60.9 million compared to \$1.5 million in FY 2002, an increase of \$59.4 million.

For FY 2001, there was a \$66.1 million transfer from the Economic Emergency Fund to the General Fund to offset a General Fund deficit. This reduced the Reserve Fund Balance to 8.7%, instead of the 10.0% of the General Fund's requirement for FY 2002. The Governor is recommending transferring \$48.0 million from the Economic Emergency Fund to the General Fund and \$3.3 million to the Cash Reserve Fund to meet the 5.0% requirement. This would reduce the Reserve Fund balance to 7.5%, instead of the 10.0% of General Fund's requirement for FY 2003. The following chart displays the Reserve Fund's 10.0% requirement and the actual/proposed balance.

Chart 1 – 10.0% Reserve Fund Requirement v. Actual/Governor's Recommendation
(Dollars in Millions)

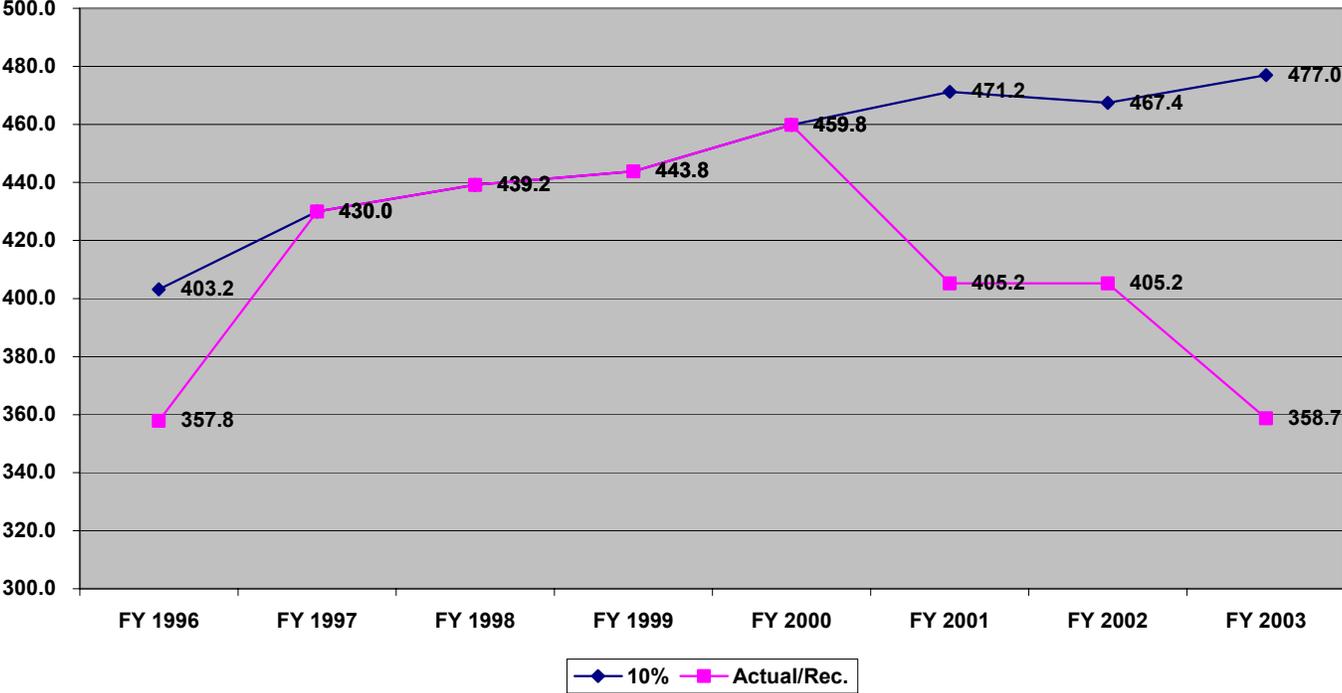


Table 2 lists the General Fund increases and decreases of \$1.0 million or more recommended by the Governor for FY 2003.

Table 2 - Governor's Recommended Major General Fund Increases and Decreases
(Dollars in Millions)

#	Department	Appropriation	Est. FY 02	Gov Rec FY 03	Diff. Gov. v. FY 02	% Change	Explanation
1	Public Safety	Iowa State Patrol	\$ 38.4	\$ 0.0	\$ -38.4	-100.0%	Motor Vehicle Use Tax
2	Veterans Affairs	Iowa Veterans Home	49.4	15.8	-33.6	-68.1%	Net Budgeting
3	Public Safety	Investigation, DCI	12.6	0.0	-12.6	-100.0%	Motor Vehicle Use Tax
4	Treasurer	ICN Debt Service	9.9	0.0	-9.9	-100.0%	Tobacco/Offset With #28
5	Regents	Tuition Replacement	26.1	16.8	-9.2	-35.4%	Tobacco/Offset With #28
6	Human Services	Medical Assistance	395.4	386.2	-9.2	-2.3%	Increases paid from Other Funds
7	General Services	Property Management	4.1	0.0	-4.1	-100.0%	Approp. In Admin. Serv, #29
8	Human Services	Mt. Pleasant Mental Health	5.7	2.2	-3.5	-61.1%	Change to Sexual Predator #35
9	Information Technology	ITD Operations	3.3	0.0	-3.3	-100.0%	Approp. In Admin. Serv, #29
10	Economic Development	Value-Added Ag Products	2.7	0.0	-2.7	-100.0%	Motor Vehicle Use Tax
11	Public Safety	Public Safety Administration	2.6	0.0	-2.6	-100.0%	Motor Vehicle Use Tax
12	Personnel	Customer Service & Benefits	2.5	0.0	-2.5	-100.0%	Approp. In Admin. Serv, #29
13	General Services	Utilities	2.2	0.0	-2.2	-100.0%	Approp. In Admin. Serv, #29
14	IA Tele. & Tech.Council	ICN Operations/Ed. Subsidy	2.1	0.0	-2.1	-100.0%	Approp. In Admin. Serv, #29
15	Human Services	Glenwood Resource Center	4.2	2.4	-1.8	-43.5%	Decrease
16	General Services	Administrative Services	1.8	0.0	-1.8	-100.0%	Approp. In Admin. Serv, #29
17	Human Services	Woodward Resource Center	3.3	1.6	-1.6	-50.0%	Decrease
18	Personnel	Administration & Program Op.	1.6	0.0	-1.6	-100.0%	Approp. In Admin. Serv, #29
19	Revenue & Finance	State Financial Management	10.9	9.4	-1.5	-14.1%	Approp. In Admin. Serv, #29
20	Economic Development	Strategic Investment Fund	3.4	2.0	-1.4	-40.7%	Decrease
21	Public Safety	Capitol Police	1.3	0.0	-1.3	-100.0%	Motor Vehicle Use Tax
22	Commerce	Commerce Central Admin.	1.1	0.0	-1.1	-100.0%	Majority shifted to other divisions
23	General Services	Rental Space	1.0	0.0	-1.0	-100.0%	Approp. In Admin. Serv, #29
24	Human Services	General Administration	13.1	12.1	-1.0	-7.7%	Majority shifted to other divisions
<i>Total Decreases > \$1.0 Million</i>			\$ 598.9	\$ 448.5	\$ -150.4		

#	Department	Appropriation	Est. FY 02	Gov. Rec. FY 03	Diff. Gov. v. FY 02	% Change	Explanation
25	Management	Salary Adjustment	\$ -8.3	\$ 55.6	\$ 63.9	100.0%	Increase
26	Education	School Foundation Aid	1,725.1	1,784.1	59.0	3.4%	Increase 1% allowable growth
27	Education	Teacher Quality	0.0	40.0	40.0	100.0%	Paid from Tobacco FY 02
28	Treasurer	Endowment Iowa Health	7.2	27.1	19.8	273.7%	Pays for debt service #4 & 5
29	Administrative Services	General Operations	0.0	17.0	17.0	100.0%	New agency net \$3.0 decrease
30	Human Services	State Children's Health Ins.	8.0	13.8	5.7	71.5%	Increase
31	Human Services	MH/DD Growth Factor	8.9	14.5	5.5	62.0%	Increase
32	Revenue & Finance	Machinery/Equip. Prop. Tax	16.1	21.6	5.5	34.1%	Increase
33	Corrections	Ft. Madison Institution	28.3	33.7	5.4	19.2%	Increase
34	Education	Community College Gen. Aid	137.6	141.6	4.0	2.9%	Increase
35	Human Services	Sexual Predator Civil Commit.	1.4	3.5	2.1	157.8%	Move to Mt. Pleasant #8
36	Management	Appeal Board	5.5	7.5	2.0	36.4%	Increase
37	Human Services	MI/MR State Cases	12.2	14.1	1.9	15.9%	Increase
38	College Student Aid	Tuition Grant Program	47.2	48.8	1.7	3.6%	Increase
39	Inspections & Appeals	Public Defender	14.8	16.0	1.2	8.1%	Indigent defense decrease by \$700,000
40	Health	Substance Abuse Facility	0.0	1.1	1.1	100.0%	New - Increase
41	Cultural Affairs	Cultural Trust	0.0	1.0	1.0	100.0%	New - Increase
<i>Total Increases > \$1.0 Million</i>			<u>\$2,003.9</u>	<u>\$2,240.9</u>	<u>\$ 237.0</u>		
<i>Total Other Changes</i>			<u>\$2,079.6</u>	<u>\$2,080.3</u>	<u>\$ 0.7</u>		
Grand Total			<u><u>\$4,682.4</u></u>	<u><u>\$4,769.8</u></u>	<u><u>\$ 87.3</u></u>	1.9%	



The Governor's FY 2003 General Fund recommendations are listed in **Table 3** by Appropriations Subcommittee. Details of the recommendations are included in the FY 2003 Budgets and Subcommittee Issues Section of this document, and a tracking document of all the Governor's appropriations recommendations is in Appendix A.

Table 3 - Governor's FY 2003 General Fund Recommendations

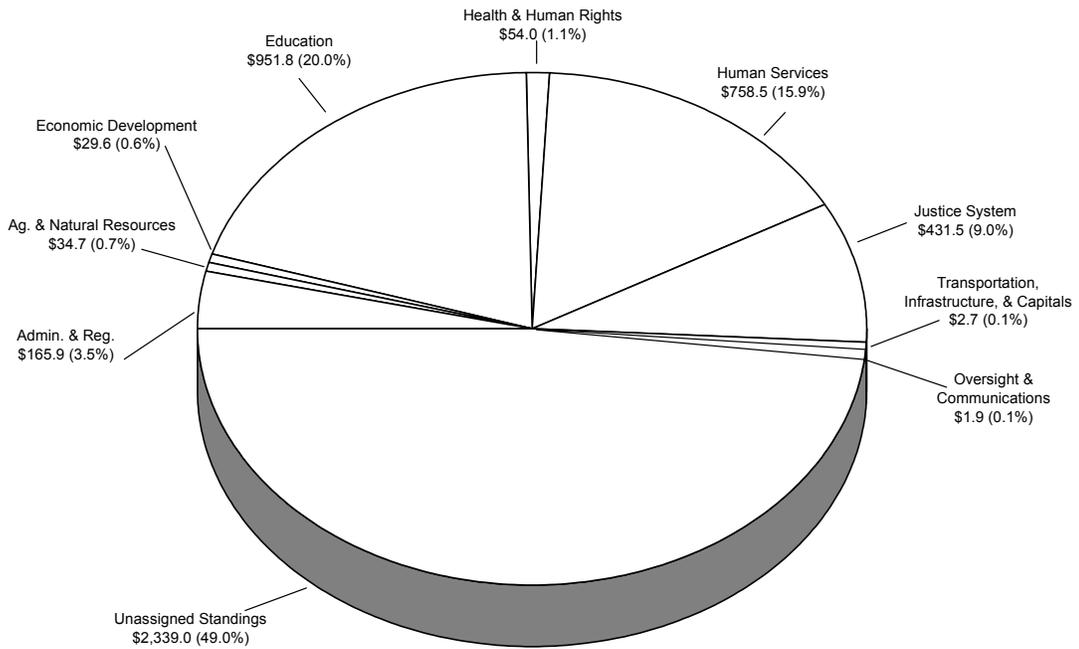
(Dollars in Millions)

Subcommittee	Est. FY 2002	Gov. Rec. FY 2003	FY 2003 vs. FY 2002	% Change
Administration & Regulation	\$ 80.5	\$ 165.9	\$ 85.4	106.2%
Agriculture & Natural Resources	35.6	34.7	-0.9	-2.4%
Economic Development	34.9	29.6	-5.3	-15.1%
Education	915.8	951.8	36.0	3.9%
Health & Human Rights	87.2	54.0	-33.2	-38.1%
Human Services	758.6	758.5	-0.1	0.0%
Justice System	481.0	431.5	-49.5	-10.3%
Trans., Infrastructure, & Capitals	2.7	2.7	0.0	0.0%
Oversight & Communications	17.4	1.9	15.5	-89.2%
Unassigned Standings	2,268.9	2,339.0	70.1	3.1%
TOTAL	\$ 4,682.4	\$ 4,769.8	\$ 87.2	1.9%

Note: The dollar amounts may not add due to rounding.

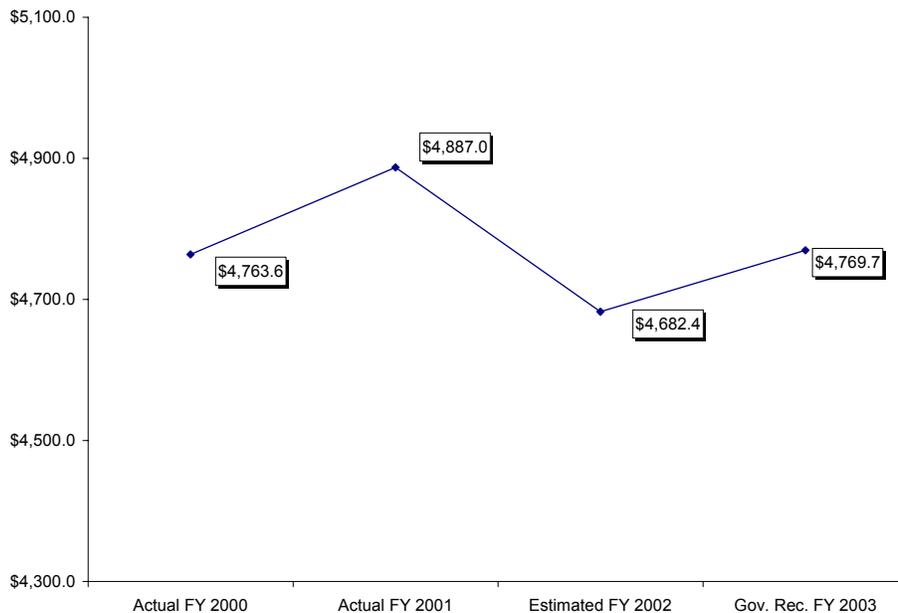
FY 2003 GENERAL FUND APPROPRIATIONS GOVERNOR'S RECOMMENDATIONS

Total FY 2003 Recommendations: \$4,769.7 million
(Dollars in Millions)



Totals may not add due to rounding.

Appropriations and Governor's Recommendations FY 2000 - FY 2003 (Dollars in Millions)



ECONOMY, REVENUES, AND IMPACT ON FY 2002 BUDGET

National Economy

National Recession – There are several national economic groups that classify U.S. economic periods as either expansion or recession. One of the most often-cited is the Business Cycle Dating Committee of the National Bureau of Economic Research. On November 26, 2001, this Committee announced the longest business expansion in the nation's history had ended during March of 2001, ten years after the end of the previous recession.

The Committee defines a recession as a period of significant decline in total output, income, employment, and trade, usually lasting six months to one year, and marked by a wide-spread contraction in many sectors of the economy. The Committee does not define a recession as simply two consecutive quarters of decline in real Gross Domestic Product.

According to the Committee, "A recession begins just after the economy reaches a peak of activity and ends as the economy reaches its trough. Between trough and peak, the economy is in an expansion. Expansion is the normal state of the economy; most recessions are brief and they have been rare in recent decades." A recession involves a substantial decline in output and employment. In the past six recessions, industrial production fell by an average of 4.6 percent and employment by 1.1 percent. The Committee waits until the data show whether or not a decline is large enough to qualify as a recession, before declaring a turning point in the economy is a true peak marking the onset of a recession. The Board's announcement for the onset of the newest national recession stated that for the four major indicators:

- Industrial production reached a peak in September 2000 and declined 6.0% over the next 12 months, faster than the average rate of decline during a recession.
- Employment reached a peak in March 2001 and has declined about 0.7% since that time.
- Real manufacturing and trade sales peaked in November 2000.
- Real personal income has not yet reached a peak.

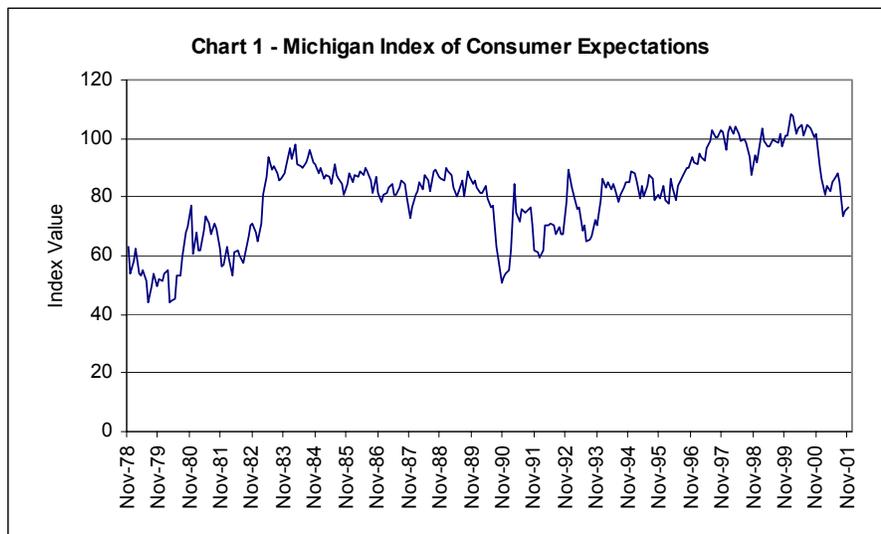
Purchasing Managers' Index – The National Association of Purchasing Management has conducted a monthly survey of business purchasing officers since 1948. The survey's results produce a Purchasing Managers' Index (PMI). The PMI is a composite index based on the seasonally adjusted diffusion indexes for five of the

indicators (New Orders, Production, Supplier Deliveries, Inventories, and Employment) with varying weights. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI reading above 50.0% indicates the manufacturing economy is generally expanding; below 50.0%, indicates it is generally declining. A PMI over 42.7%, over a period of time, indicates the overall economy, or Gross Domestic Product (GDP), is generally expanding. A PMI below that level indicates the economy is generally declining. The Index has averaged 44.9 during the past 16 months and has not been above 50.0 since July 2000. For the 16 months prior to July 2000, the Index averaged 55.0. The Index for November was 44.5, up significantly from the October level, but still at or near the recession level. According to the Association, the November numbers indicate the overall economy expanded that month, but the manufacturing industry continued to decline. An historical graph of the Index is included in the Iowa economy section.

Consumer Confidence – Each month, researchers at the University of Michigan conduct a Survey of Consumers to determine the views and expectation of consumers concerning their sentiment for the present and future direction of the U.S. economy. The survey result is called the Index of Consumer Expectations. The Index focuses on three areas:

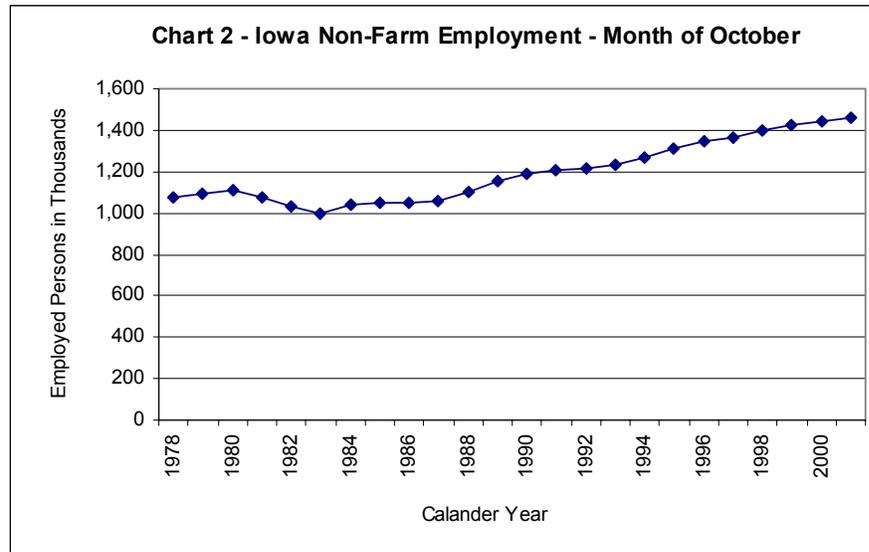
- How consumers view prospects for their own financial situation.
- How consumers view prospects for the general economy for the near term.
- How consumers view prospects for the general economy over the long term.

The Index of Consumer Expectations for October 2001 reached its lowest level in eight years. The Index was up slightly in November. **Chart 1** shows the value of the Index from 1978 to present. The chart also shows consumer confidence as reported by the Index has been falling since reaching a high in February 2000.

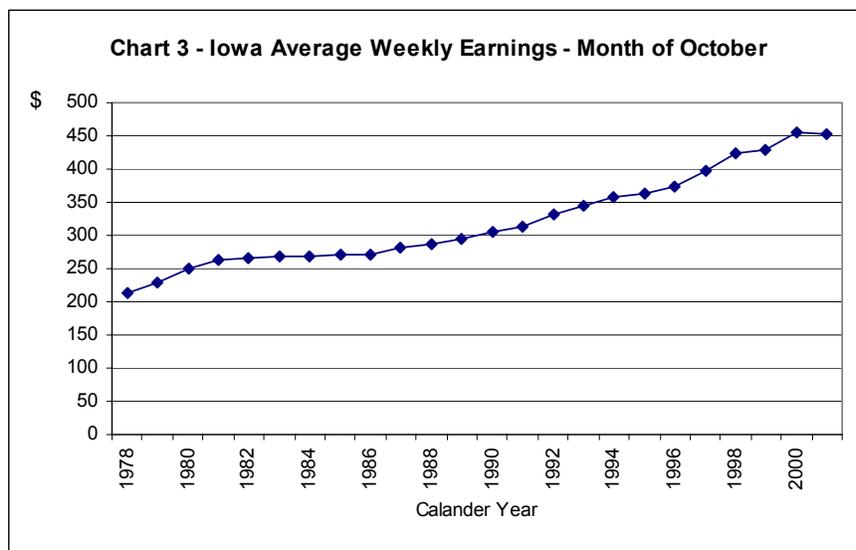


Iowa Economy

Iowa Employment – After recovering in the mid 1980's from the lingering effects of the farm crisis, Iowa total employment rose year-for-year to the point where Iowa had one of the lowest unemployment rates in the nation. **Chart 2** shows the growth period of the 1990's. From 1987 through 2000, the number of Iowans working in the non-farm labor force grew by 357,000 (31.4%), for an average annual increase of 2.4% (October data).

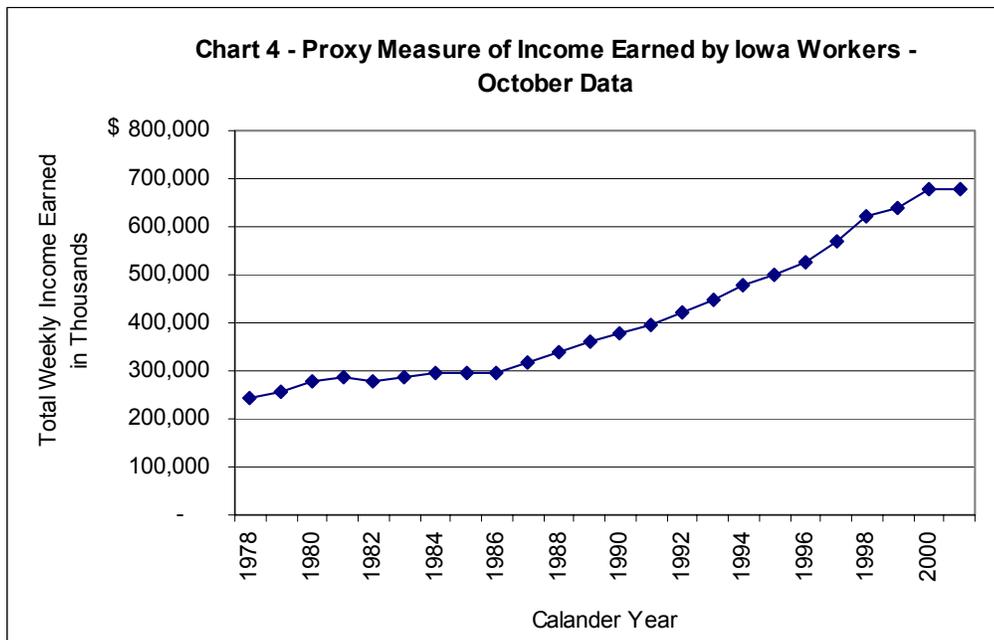


Iowa Average Weekly Wage – From 1987 to 2000, the average weekly wage also rose each year. **Chart 3** shows the average weekly wage for the month of October. During the 1987 to 2000 timeframe, the average weekly wage in Iowa rose from \$280 per week to \$455 per week, for an average annual increase of 4.8%.



The slowdown in the national economy has clearly impacted the employment and earnings of lowans. Although Charts 2 and 3 show good news throughout the 1990's, the news is not as good for 2001. Employment in Iowa during October was only 0.3% above the previous October, well below the 2.4% average increase of the previous years. In addition, Iowa's average weekly wage was lower in October 2001 than October 2000, the first October-to-October decrease since at least 1977. Both employment and wage numbers for October 2001 are initial federal government estimates and are subject to revision in the coming months.

Weekly Income – **Chart 4** combines the information from the two previous charts. Through a multiplication of the monthly non-farm employment numbers and the monthly average weekly wage, a proxy value for weekly income earned through employment can be determined. From 1987 to 2000, the dollar value of this multiplication grew from \$319.6 million to \$679.6 million, for an average annual increase of 8.7%. From October 2000 to October 2001, this value fell by 0.03%, only the second decline since at least 1978.

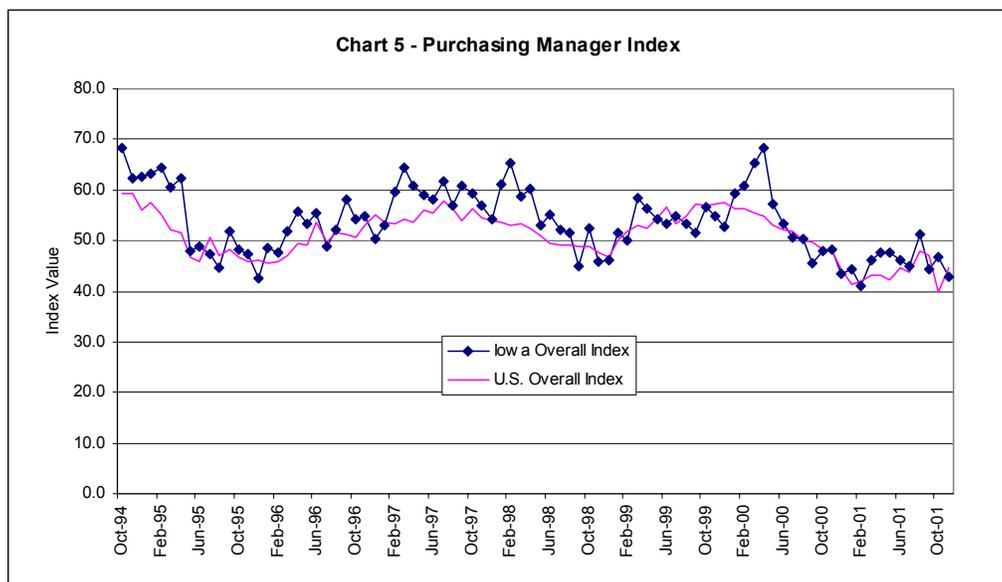


As mentioned above, this chart is a proxy characterization of the changes in Iowa income from year to year. If this type of analysis were completed for the entire year of 2000, only \$34.0 billion in personal income would be accounted for, far below the \$77.9 billion reported as Iowa personal income by the United States Department of Commerce for that year. Besides being only an approximate indicator of labor force income, this analysis does not consider many forms of personal income, including interest, rents, farm income, government transfer payments, etc. This analysis was also done with only the October data. This is because October is the latest data available for 2001. An analysis done with

September data shows the same downturn in 2001, but the graph for the other months of 2001 does not show a noticeable leveling off. The Department of Commerce data series on personal income would be a better source for this type of analysis, but it is always a number of months behind. The most recent data is for the second quarter of calendar year 2001, which shows an increase in Iowa personal income of 3.0% compared to the second quarter of 2000. In September, the Iowa Economic Forecasting Council projected personal income in Iowa would grow 3.8% during 2001.

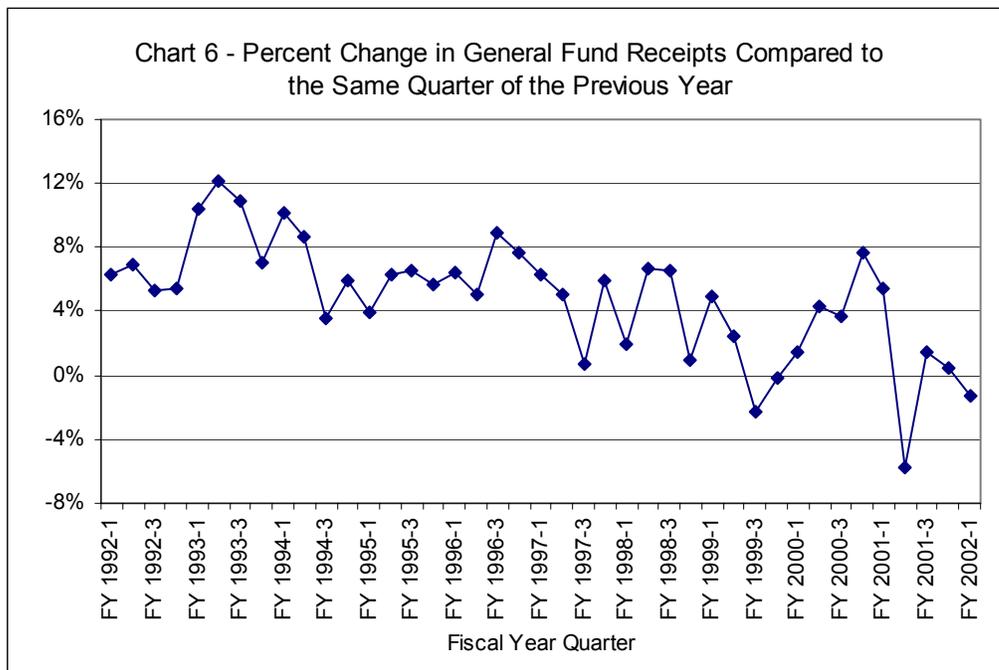
Iowa Purchasing Managers' Index – Creighton University produces a monthly index based on a survey of purchasing managers for businesses within the Mid-American region of the country. The Creighton survey produces index values for the region and for each state in the region. The survey methodology is the same as the national survey completed by the National Association of Purchasing Management. **Chart 5** shows the Iowa index value and the national value graphed together. The chart shows:

- The trend of the Iowa index is very similar to the trend of the national index.
- The Iowa index has been above the national index for a majority of the months in the 1990's. However, this could be a result of different researchers completing the two surveys.
- The national index has trended downward since January of 2000, while the Iowa index began to decline in April 2000.
- Both indexes have been up and down in recent months, but both remain well below averages for the 1990's.



Iowa General Fund Revenues

Iowa's income, sales, use, and corporate taxes raise approximately 87.0% of the revenue deposited to the State General Fund each year (cash basis, excluding transfers). The amount of revenue generated by each of these funding sources is dependent upon the level of economic activity in the state (employment, consumer expenditures, business and government expenditures) during a fiscal year. Assuming other tax factors are equal (tax base and tax rates), a growing economy will produce more tax revenues than a stagnant one. The previous paragraphs on the recent condition of the national and Iowa economy show both have been in a downturn since the fall of 2000, with an official U.S. recession having started in March 2001. Events of September 11, 2001, also have impacted business and consumer confidence, perhaps deepening and lengthening the recession. **Chart 6** shows quarterly growth in state revenues from the beginning of FY 1992 through the first quarter of FY 2002. The chart shows the percentage growth in General Fund revenues from one quarter when compared to the revenues of the same quarter the previous year. Most evident in the graph is the abrupt downturn experienced in the second quarter of FY 2001, when receipt growth fell from a positive value of 5.5% in the first quarter of FY 2001 to a value of negative 5.7% in the second quarter. The next three fiscal quarters have also shown receipt growth well below the average for the 1990's.



The December 2001 Revenue Estimating Conference established an expected General Fund revenue growth rate (excluding transfers, accrual adjustments, and prior to refunds) of 1.5%. Although this growth rate would be well below the

trend during the 1990's, it is well above the FY 2001 rate of 0.3%, as well as the current growth rate shown for the year, which is between negative 0.5% and positive 0.5%. Recent federal tax rate reductions, lower interest rates, lower gasoline and home energy costs, and a rebounding economy are expected to contribute to a strong second half of FY 2002.

The next quarterly meeting of the REC is scheduled for March 7, 2002. At that meeting, the REC will make the final estimate for FY 2002 and revise the estimate for FY 2003.

Impact on FY 2002 Budget

In September, Governor Vilsack announced that it was necessary to reduce FY 2002 General Fund spending by \$108.0 million in response to a sluggish economy and revenue growth that was considerably less than original estimates. At that time, the revenue growth was 0.3% compared to the estimated 0.7%. The Governor's targeted reductions amounted to approximately 7.0% of agency operating budgets. Exempted from the reductions were the Department of Public Safety, Public Defense (which includes Emergency Management and the Iowa National Guard), State aid to local schools, teacher compensation, and Medicaid. The Iowa Veterans Home, the Iowa Braille and Sight-Saving School, and the Iowa School for the Deaf were also exempted.

In October, receipts were still far below the estimate, and the Revenue Estimating Conference reduced the FY 2002 growth estimate to 0.4% from the earlier estimate of 1.9%. On November 1, in Executive Order 34, the Governor implemented a 4.3% across-the-board reduction in an effort to save an estimated \$200.0 million. He called a Special Session of the General Assembly on November 8 to restore \$26.0 million in funding to certain priorities such as corrections, public safety, public defense, State aid to local schools, community colleges, property tax relief, and child protection workers.

The General Assembly also approved an early retirement/early out program estimated by the Department of Management to save the State \$16.1 million in FY 2002 and \$43.8 million in FY 2003, depending on participation rates. The early retirement program permits workers to elect to take early retirement until January 31, 2001, so the impact or savings attributed to the program will not be known until March or April. The early out program permits workers to take an "early out" option and termination incentive until June 30, 2003.

In an effort to reduce the number of employee layoffs resulting from the across-the-board reduction, the American Federation of State, County, and Municipal Employees (AFSCME) opened the collective bargaining contract agreed to last winter and agreed to delay a 3.0% cost-of-living increase due on July 1, 2002, to

November 1, 2002. The Department of Management estimates this will result in total savings of \$10.5 million.

However, layoffs have occurred and will continue to occur. As of December 14, 2001, 537 layoffs (507.5 FTE positions) have been approved by the Departments of Management and Personnel, and 144 have actually occurred. The table below summarizes the actual and approved layoffs by department. Some departments may go through the layoff approval process but then not actually layoff employees. This information is subject to change and will be updated throughout the upcoming Legislative Session.

Department	Total Layoffs as of Dec. 2001	
	Actual	Approved
Agriculture	19	19
Commerce	0	2
Corrections	13	110
Cultural Affairs	0	9
Elder Affairs	1	1
Ethics/Campaign Disclosure	0	1
General Services	27	29
Human Services	22	227
Inspections & Appeals	0	5
ITD	10	11
Personnel	5	5
Public Safety	2	2
Regents	2	46
Revenue & Finance	26	26
Secretary of State	0	3
Veterans Affairs	11	11
IWD	6	30
Total	144	537

Departments are in the process of implementing the 4.3% across-the-board reduction, but it is too early to accurately assess the total impact of the reduction. In early December, the Legislative Fiscal Bureau surveyed the Departments concerning the impact. This information was presented to the Legislative Fiscal Committee at the December meeting and is available upon request from the Fiscal Bureau and can be found on the LFB web site. This information will also be continually updated and made available to the appropriations subcommittees.

SALARIES AND COLLECTIVE BARGAINING

The State of Iowa completed negotiations with the eight unions representing State employees for salaries and benefits by the winter of 2001 for FY 2002 and FY 2003. Chapter 20, Code of Iowa, establishes the framework and timeline for the bargaining process. The basic deadlines are:

- September through December – Unions and the State present initial proposals.
- January through March – Bargaining sessions occur, which may include the appointment of a mediator, fact finding, and binding arbitration.
- March 15 – Deadline for completion of the agreement.



During October of 2001, Central State AFSCME-covered employees agreed to delay the 3.0% base pay increase, scheduled for July 1, 2002, until November 1, 2002. The Executive Branch plans to extend this delay to the Central State non-covered employees as provided in Section 7 of SF 551 (Early Out/Early Retirement Program Act). AFSCME agreed to this delay contingent upon the passage of early out provisions. The General Assembly passed and the Governor signed SF 551 during the 2001 Second Extraordinary Session.

The Department of Management estimated that approximately 635 employees would participate in the Early Out Program. They estimated that the savings from this group of eligible employees would be approximately \$15.4 million in FY 2002 and \$36.7 million in FY 2003. The General Fund share was estimated to be approximately \$7.8 million in FY 2002 and \$18.7 million in FY 2003. An additional FY 2003 savings of \$10.5 million (\$6.0 million General Fund) was estimated for the delay of the cost-of-living increase from July 1 to November 1, 2002.

❖ **FY 2003 Governor's Recommendations** – The Governor has recommended a General Fund appropriation of \$55.6 million for FY 2003 salary adjustment funding. The following table shows the breakdown of the recommendation.

Gov. Rec. FY 03 Salary Adj. (Dollars in Millions)	Rationale for Adjustment
\$ 58.1	Base
14.1	Annualization
7.3	Other Increases
(3.3)	DCI, Patrol to Motor Vehicle Use tax
(20.6)	Savings from the Early Out Program and vacancies
\$ 55.6	FY 2003 Governor's Recommendation

The following table is a summary of the agreements between the State and the eight collective bargaining units. The table contains only a summary of the major points. Copies

of the agreements and estimates of the fiscal impact are available from the Legislative Fiscal Bureau upon request. Since collective bargaining agreements cover two years, there will be no collective bargaining negotiations during the 2002 Legislative Session.

COLLECTIVE BARGAINING UNIT AGREEMENTS

Bargaining Unit	FY 2002		FY 2003	
	Wages	Benefits	Wages	Benefits
American Federation of State, County, and Municipal Employees (AFSCME)	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2001. • Steps for eligible employees. 	<ul style="list-style-type: none"> • Employer pays 80.0% of family premium for Iowa Select towards the family plan of the employee's choice. • Cash incentive payment/lower premium to switch to a Preferred Provider Organization from an indemnity plan effective January 1, 2002. 	<ul style="list-style-type: none"> • 3.0% across-the-board increase November 1, 2002. • Steps for eligible employees. • Addition of step 9 (4.0%) for eligible employees effective February 1, 2003. 	<ul style="list-style-type: none"> • Same as FY 2002.
Judicial AFSCME	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2001. • Steps for eligible employees. 	<ul style="list-style-type: none"> • Employer pays 80.0% of family premium for Iowa Select towards the family plan of the employee's choice effective January 1, 2002. • Cash incentive payment/lower premium to switch to a Preferred Provider Organization from an indemnity plan effective January 1, 2002. • Employer matches 50.0% of employee contribution to deferred compensation program up to \$300 (additional \$120) per year effective July 1, 2002. 	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2002. • Steps for eligible employees. • Addition of step 9 (4.0%) for eligible employees effective February 1, 2003. 	<ul style="list-style-type: none"> • Same as FY 2002.
State Police Officers Council (SPOC)	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2001. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Cash incentive payment for two years to switch to a Preferred Provider Organization from an indemnity plan effective January 1, 2002. 	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2002. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Employer matches 50.0% of employee contribution to deferred compensation program up to \$300 per year effective January 1, 2003.
Iowa United Professionals (IUP)	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2001. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Employer pays 72.0% of family premium for Comprehensive Major Medical Plan towards the family plan of the employee's choice. 	<ul style="list-style-type: none"> • 3.0% across-the-board increase July 1, 2002. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Same as FY 2002.

Bargaining Unit	FY 2002		FY 2003	
	Wages	Benefits	Wages	Benefits
United Faculty of Iowa (UFI)	<ul style="list-style-type: none"> • 5.6% average pay increase July 1, 2001. 	<ul style="list-style-type: none"> • Status quo health insurance. 	<ul style="list-style-type: none"> • 5.6% average pay increase July 1, 2002. 	<ul style="list-style-type: none"> • Same as FY 2002.
Public Professional Maintenance Employees (PPME)	<ul style="list-style-type: none"> • 2.0% across-the-board increase July 1, 2001. • 2.0% across-the-board increase January 1, 2002. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Status quo benefits. 	<ul style="list-style-type: none"> • 2.0% across-the-board increase July 1, 2002. • 2.0% across-the-board increase January 1, 2003. • Step increases for eligible employees. 	<ul style="list-style-type: none"> • Employer matches 50.0% of employee contribution to deferred compensation program up to \$180 per year effective January 1, 2003.
Committee to Organize Graduate Students (COGS) – University of Iowa	<ul style="list-style-type: none"> • 4.0% across-the-board increase July 1, 2001. 	<ul style="list-style-type: none"> • Status quo health insurance. 	<ul style="list-style-type: none"> • 4.0% across-the-board increase July 1, 2002. 	<ul style="list-style-type: none"> • Employer pays 70.0% of family dental insurance coverage.
Service Employees International Union (SEIU) – University of Iowa	<ul style="list-style-type: none"> • 6.6% average pay increase July 1, 2001. 	<ul style="list-style-type: none"> • Status quo benefits. 	<ul style="list-style-type: none"> • 6.6% average pay increase July 1, 2002. 	<ul style="list-style-type: none"> • Same as FY 2002.

CRITERIA FOR EVALUATION OF TAX POLICIES

Several policy options relating to various taxes have been proposed by members of the General Assembly. The following are eight criteria that can help shape and explain any plan that may be under consideration. Although most of the provided examples relate to the individual income tax, the criteria can be utilized in the development of any proposed change to the State and local tax system.

Simplification

The simplification concept applies to both the State and the taxpayers; that is, initiating changes that ease administrative burdens on the State and also ease compliance efforts on the part of taxpayers. Options relating to the individual income tax include:



- Coupling the federal tax code, which could be done either in the form of piggy-backing (taxpayers pay a percentage of their federal tax) or coupling federal taxable income (the State would use the federal definition of “taxable income” and apply new rates and brackets).
- Initiating a flat tax, which may involve starting with federal adjusted gross income (AGI). Typically, complexity relating to the definition of “taxable income” is substantially more difficult to comply with and administer than complexity relating to rates and brackets. Thus, the General Assembly may wish to utilize a simple definition of taxable income (such as AGI) and apply a new set of brackets and rates.
- Virtually anything the State does to increase the extent to which Iowa tax law couples federal tax law will render the system simpler, although doing so may have undesirable consequences relating to the other criteria.

Equity

The concept of equity implies that “equals” should be treated similarly and “unequals” may need to be treated dissimilarly. This concept relates more specifically to how similar individuals in different income classes are taxed; and how dissimilar individuals within the same income class are taxed. The General Assembly may wish to consider specific tax policy related to this issue. Income tax examples that might fall into this area of consideration include: the standard deduction, earned income tax credit, rate structure, dependent exemption, pension taxation, and the tuition/textbook credit.

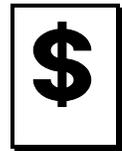


Competitiveness

It is not known to what extent, if any, the Iowa individual income tax encourages individuals and businesses to migrate into or out of the State. A cross-state comparison analysis has shown that the variance in actual income tax liability is probably too small to have a significant impact. However, if the top rate (rather than actual tax) is resulting in the perception that the Iowa individual income tax is out of line with other states, the General Assembly may wish to consider lowering the rate. The rate could be lowered either in a manner that is revenue neutral or in a manner that results in revenue loss. The options under the simplification section would all have the effect of reducing the top marginal rate.

Revenue Stability/Responsiveness

The General Assembly may wish to consider actions that could be taken to maintain or improve the stability or responsiveness of individual income tax revenues. An example includes reviewing the effects of the deduction for federal income taxes paid. Specifically, when the federal government increases taxes, federal deductibility results in a decrease in Iowa tax revenues. Conversely, when the federal government decreases taxes, Iowa taxpayers receive a smaller reduction than taxpayers in states without federal deductibility since State income taxes increase.



Stability and responsiveness, however, are often mutually exclusive. A stable tax system is one that maintains consistent revenue streams throughout the business cycle, so that recessions do not result in shortfalls, and expansions do not result in unnecessary surpluses. Responsiveness to the business cycle can be beneficial when strong economic expansion increases government revenues so that increased demand for government services is satisfied. Thus, highly responsive systems tend to be unstable, and highly stable systems tend to be unresponsive. The purpose of a broad-based, multi-tax system is to help balance these two competing goals, such that economic expansions provide sufficient growth in revenues, but contractions do not result in budgetary shortfalls. However, such a system may add complexity.

Neutrality

Neutrality relates to economic efficiency. Changes in tax policy should not cause undo interference in the economic decisions of individuals and businesses. In other words, the administration of the tax should not inadvertently affect the decisions that individuals make with respect to buying or producing a given mix of goods and services.

Exceptions arise when markets function poorly. The State can either tax or regulate an industry so that the true costs of the product are reflected in the price. A good example is taxing (or regulating) emissions from a smokestack. This will

result in an increase in price and a decrease in sales of the item being produced. However, in this case, the tax adds efficiency because neighbors of the smokestack no longer are required to bear the cost of the pollution.

In general, however, a neutral tax policy will maximize the output of the State economy and produce the most goods and services at the least price.

Exportability

Exportability relates to shifting the tax burden to other states. All things being equal, any state would prefer to export the tax burden to residents of other states. However, this often results in competitiveness problems. In some ways, state tax deductibility affects exportability. When Iowa increases income taxes, the burden is shifted to the federal government, because State taxes are an itemized deduction. When Iowa decreases income taxes, the State revenue loss exceeds taxpayer gains for the same reason (the tax burden is imported).

Revenue Adequacy

Revenue adequacy of the tax system relates more to the tax system as a whole, but the income tax is the largest contributor. This criteria emphasizes the importance of overall State fiscal policy so that tax reductions are viewed within the context of the appropriations process.

Accountability

Accountability relates to the extent to which a tax system is transparent, so that tax increases and tax decreases are the result of direct government action rather than an automatic process. Accountability also refers to the portions of the tax system that are formula driven and thus subject to little or no legislative oversight, such as open-ended exemptions or deductions that may have the effect of eroding the tax base.



For example, during the 1996 Legislative Session, the General Assembly improved the accountability (transparency) of the individual income tax by approving full indexation of the tax brackets. Prior to indexing, an individual's tax liability could increase with wage inflation, even though the purchasing power of the individual's wages did not change. This process is often referred to as "bracket creep."

FY 2003 TAX ISSUES

❖ Governor's Proposed Revenue Adjustments

The Governor proposes General Fund FY 2003 revenue adjustments with a net fiscal impact of \$14.5 million. A number of the proposals relate to taxes. A complete list of the proposals follows.

- Veteran's Home Net Budgeting (\$-30.4 million) – Allows the State Veteran's Home to retain certain federal reimbursements that currently are deposited in the State General Fund. The proposal would reduce General Fund receipts by an estimated \$30.4 million. The Governor's proposal includes a reduction in the General Fund appropriation to the Home by a similar amount.
- Reserve Fund Interest (\$20.0 million) – Current Iowa law deposits interest earned on the balances in the Cash Reserve and Economic Emergency Funds into the Rebuild Iowa Infrastructure Fund. For FY 2002, the Legislature notwithstanding the interest provision and redirected the interest to the General Fund. The Governor proposes depositing the interest to the General Fund in FY 2003.
- Income Offsets From Regents Retirement and IPERS (\$0.7 million) – The Governor proposes including payments made to retirees under the Regents retirement and Iowa Public Employment Retirement System in the State's Income Offset Program. This Program matches persons receiving payments from the State with lists of persons who owe money to the State.
- Asset Sales (\$0.5 million) – The Governor proposes a review of the assets owned by State Government and sale of those determined to be unnecessary.
- Income Tax Reciprocity Agreement With Illinois (\$16.0 million) – The Governor proposes termination of the tax reciprocity agreement with Illinois or renegotiation of the agreement. The Governor cites a study that indicates the agreement's net effect on Iowa income tax collections is a reduction of \$15.6 million per year.
- Subchapter S Corporations (\$-0.9 million) – The Governor proposes passage of the Subchapter S Tax Bill (see below).
- Internal Revenue Code Update (\$-3.3 million) – The Governor proposes passage of the Internal Revenue Code Update Bill, which coordinates Iowa tax law with recent changes to federal tax code.

- Liquor Bailment (\$0.3 million) – The Governor proposes an increase in the per-case warehousing fee collected by the Alcoholic Beverages Division. Increasing the fee would increase liquor profits transferred to the General Fund.
- Waste Tire Fund (\$1.6 million) – The Governor proposes transferring \$1.6 million from the balance in the Waste Tire Fund to the General Fund. The Waste Tire Fund receives revenue from a surcharge on vehicle titles. The Fund is used to properly dispose of stockpiles of used vehicle tires.
- Title Guaranty Surplus Balance (\$2.7 million) – The Governor proposes the transfer of funds from the Title Guaranty Fund to the General Fund. The Title Guaranty Fund receives revenue from the sale of property title guaranty policy fees.
- Vehicle Depreciation Fund (\$4.4 million) – The Governor proposes transferring the balance of the Vehicle Depreciation Fund to the General Fund. The Vehicle Depreciation Fund receives State agency contributions toward the replacement of agency-owned vehicles.
- Institutional Payments (\$-0.8 million) – The Governor proposes restructuring Human Services institutions at Mt. Pleasant and Independence. The net effect of the proposal on General Fund institutional payment receipts is a reduction of \$800,000.
- Court Civil Fees (\$2.0 million) – The Governor proposes increasing the filing fee for civil cases from the present \$80 to \$100 and increasing the filing fee for small claims cases from \$30 to \$40.
- Gaming Enforcement Cost (\$1.7 million) – The Governor proposes shifting more of the cost of enforcement at Iowa racetrack enclosures to the facilities. Currently, a portion of the enforcement cost is paid from the State General Fund.

❖ Venture Capital

According to reports completed by national organizations, including Price-Waterhouse (MoneyTree Survey) and the Milken Institute, Iowa ranks near the bottom of the 50 states in terms of attracting venture capital investment. The Governor proposed a three-part approach for improving Iowa venture capital investment opportunities:

1. Passage of the Venture Capital Formation Bill (HF 2078). This Bill provides for a “Fund of Funds” venture capital investment structure with the financial capital provided by individuals and institutional investors (banks, insurance companies, utilities, etc.). The State would back the principal and rate of return of the

investments with a contingent tax credit. If at the end of the investment period a sufficient return had not been generated to repay the investors, the State would issue tax credits to cover any shortage.

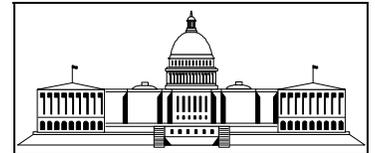
2. Passage of a tax credit to encourage private sector investment in life-science related start-up business.
3. Passage of legislation to allow individuals with small amounts of disposable income to invest in capital formation initiatives in Iowa.

❖S Corporation Federal Tax Deduction

Under current Iowa tax law, Iowa business entities organized as Subchapter S corporations are allowed to deduct 50.0% of federal income tax paid when determining Iowa income tax liability. The Governor supports raising the percentage to 100.0%. The 2001 Legislature did propose and approve this change in SF 516 (Subchapter S Corporation Tax Act). The Governor vetoed the bill, stating that he supported the concept but could not approve it due to budget constraints. The change is included in the 2002 Session in HF 2081.

Federal Legislation

The U.S. Congress enacted an economic stimulus package in 2001 that provided immediate income tax refunds, reduced income tax rates, and phased-out federal taxation of estates. The Iowa Department of Revenue provided a provision-by-provision analysis of the Iowa tax revenue impact of the legislation and a copy is available from the Legislative Fiscal Bureau.



In summary, the Department determined the net impact of the legislation would increase state tax revenues by \$165.2 million from FY 2002 through FY 2011. For the next five fiscal years, the net positive impact is projected to be:

- \$43.7 million in FY 2002
- \$20.4 million in FY 2003
- \$15.5 million in FY 2004
- \$9.4 million in FY 2005
- \$11.8 million in FY 2006

The first special session of the 2001 Iowa General Assembly reduced the FY 2002 impact by \$23.0 million by exempting the refund provision from state taxation. The refund provision, like many of the other provisions reducing federal income taxes, will increase Iowa tax collections due to the interaction of federal deductibility. That is, any provision in federal law that reduces a person's federal

tax liability will likely increase their state liability due to Iowa being one of the few states allowing federal taxes paid to be deducted from state taxable income.

Another significant provision of the federal legislation phased in a repeal of the federal tax on estates. Under federal estate tax law, taxpayers receive a dollar-for-dollar credit against their federal estate tax liability for state estate and inheritance tax payments up to a specified amount. The maximum amount of the credit varies by the size of the estate. This credit is commonly called a "pick up tax." Iowa currently collects approximately \$100.0 million in inheritance tax each year. Of this amount, \$30.0 to \$35.0 million is the result of Iowa's pick up tax. As the federal estate tax is eliminated, Iowa's collections from the pick up tax will also be eliminated. The Department estimated the phased-in repeal of the estate tax reduced the positive impact of the legislation on Iowa tax revenues by a total of \$358.9 million over 10 years.

STREAMLINED SALES TAX PROJECT

Representatives of government and industry are examining ways in which to simplify sales and use tax administration. Two organizations in particular are playing roles in that effort: the Streamlined Sales Tax Project (SSTP) and the National Conference of State Legislatures (NCSL).

Iowa is one of more than 40 states participating in the Streamlined Sales Tax Project's effort to simplify the current system of state and local sales tax assessment and collection. The goal of the Streamlined Sales Tax Project is to develop measures to design, test, and implement a sales and use tax system that radically simplifies sales and use taxes.

The Project steering committee met for more than a year. A meeting was held November 28 and 29, 2000, and model legislation entitled "Uniform Sales and Use Tax Administration Act" was released on December 6, 2000, and amended January 24, 2001. The document is available at the organization's web site at www.streamlinedsalestax.org. The Project is currently considering other amendments to the model Act and those proposals are also available at the web site.

The proposed model legislation is designed to provide standard definitions of products for use in determining what is subject to a sales tax. Manufacturers and retailers are of the opinion a more standardized system will cut down on the amount of time and money spent complying with the large number of state and local sales tax laws around the country. Some state revenue officials believe a streamlined system will convince Congress to allow states to collect sales and use tax revenues from out-of-state retailers.

As of November 2001, 20 states had enacted legislation allowing them to enter into a multi-state compact that would standardize many facets of the sales tax system. Iowa is not one of those states. It also should be noted that most states have not enacted any significant simplification language.

If Iowa alters sales tax laws in order to conform to the model legislation, there could be a positive or negative impact on General Fund revenues, depending on the types of changes implemented in Iowa and other states.

One outcome of the Project could be the development of a system of uniform Internet taxation. Since sales and use taxes represent roughly one-third of Iowa's General Fund revenues, this issue is important to Iowa's long-term fiscal health. Internet and catalog sales are projected by Moody's Investor Services to reduce sales tax receipts of all states by a total of \$10.0 billion by FY 2003.

Under the NCSL's version of streamlined sales tax legislation (adopted January 27, 2001), states passing the model act would be recognized as "governing states" with voting authority. Additionally, it would allow states within a uniform base to levy a lower rate, including a zero rate on food, clothing, electricity, and other items. A copy of NCSL's model legislation can be found at http://www.ncsl.org/programs/press/2001/Web_Act.htm.

Phase-out of State Sales Tax on Residential Home Energy

House File 1, enacted by the 2001 General Assembly, created a five-year phase-out of the state sales tax on residential household gas and electricity usage. The phase-out reduces Iowa's 5.0% sales tax to 4.0% on January 1, 2002, with additional 1.0% reductions each January 1st until the tax is eliminated starting January 1, 2006. The phase-out was projected to reduce sales tax revenues by:

- FY 2002 – \$ 8.8 million
- FY 2003 – \$26.5 million
- FY 2004 – \$44.2 million
- FY 2005 – \$61.9 million
- FY 2006 – \$79.6 million
- FY 2007 – \$88.5 million

House File 1 also created a two-month exemption on residential household heating energy sources (natural gas, home heating oil, and propane). The one-time exemption applied to months in early 2001 and was projected to reduce state sales tax revenues by \$10.0 million in FY 2001.

Department of Revenue Tax Expenditure Study

The Iowa Department of Revenue and Finance recently released a study of the total value to taxpayers of FY 2000 tax credits and exemptions for Iowa personal

income tax, corporate income tax, sales tax, and use tax. The total reduction in taxes paid by taxpayers due to 218 separate credits and exemptions in FY 2000 was estimated to be \$3.860 billion. The Department was unable to determine estimates for another 62 credits and exemptions. A copy of the report may be found on the Department of Revenue and Finance Internet site at <http://www.state.ia.us/tax>.

PROPERTY TAX ISSUES

Property Tax Relief



Major property tax relief programs have been created since FY 1996. **Figure 1** summarizes the property tax relief expenditures and projects the cost of each program through FY 2003. Full funding of the homestead, elderly, and military property tax credits is not included due to the amount of funding for property tax relief cannot be determined. Below is a description of each program, followed by a discussion of the credits.

Figure 1
Projected State Funded Property Tax Relief
(Dollars in Millions)

	<u>Actual FY 1997</u>	<u>Actual FY 1998</u>	<u>Actual FY 1999</u>	<u>Actual FY 2000</u>	<u>Actual FY 2001</u>	<u>Estimated FY 2002</u>	<u>Estimated FY 2003</u>
Machinery and Equipment	\$ 6.9	\$ 11.3	\$ 17.1	\$ 22.5	\$ 41.6	\$ 16.8	\$ 35.0
Mental Health Property Tax Relief	78.0	95.0	95.0	95.0	95.0	95.0	95.0
School Foundation Level	84.8	88.0	91.9	111.6	123.1	126.5	132.2
Total	<u>\$ 169.7</u>	<u>\$ 194.3</u>	<u>\$ 204.0</u>	<u>\$ 229.1</u>	<u>\$ 259.7</u>	<u>\$ 238.3</u>	<u>\$ 262.2</u>

Machinery and Equipment (M&E)

- The property tax on new M&E was repealed during the 1995 Legislative Session (SF 69, Property and Income Tax Reduction Act), retroactive to all M&E purchases made since January 1, 1994.
- The taxable value of M&E purchased prior to January 1, 1994, is being phased out over a four-year period beginning in FY 2001, such that the taxable value on all M&E will be zero beginning in FY 2004.
- Local governments receive reimbursement for the difference between the base year (FY 1996) M&E valuation and actual valuation for each year through FY 2001. For FY 2002 through FY 2006, the State reimbursement will be reduced to the extent that commercial and industrial valuations have grown since FY 1996. There will be no State reimbursement in FY 2007 and subsequent fiscal years. Reimbursements will be paid from a standing unlimited appropriation to the M&E Property Tax Replacement Fund.



The theory behind the original legislation was elimination of the tax on M&E would spur additional commercial and industrial growth, which over time would offset the revenue loss to local governments from the M&E exemption. While it is true that the growth in commercial and industrial classes of property over a 10-year period will offset the statewide loss of value from exempting M&E, this is not necessarily the case for an individual taxing authority (i.e., cities, school district, etc.) or an individual taxing district (the lowest geographic entity with a common consolidated tax levy rate).

The 1999 General Assembly in Section 87 of SF 136 (Machine, Equipment, and Computer Property Tax Act) directed the Department of Economic Development (DED) to review the impact of the M&E legislation on various taxing authorities and report in January 2000 to the General Assembly. This final report was issued March 1, 2000. Observations from this report are quoted as follows:



- The M&E tax elimination appears to be working. Through 1998, statewide commercial and industrial valuation has grown by \$4.1 billion (24.0%) compared to a decline in the valuation of M&E property of \$611.0 million. The net growth in taxable valuation of \$3.5 billion amounts to approximately \$109.0 million in additional tax revenue to local governments. At the county level, only 4 counties will still have a net loss of property tax valuation by 1998.
- By establishing the replacement claim jurisdiction at the tax district level, the M&E tax elimination legislation guarantees a much larger state financial obligation. If the jurisdiction for determining replacement claims had been set at the county level and not the taxing district, and had the legislation stipulated that M&E losses be offset by [Commercial and Industrial] gains immediately, the state outlay for assessment year 1998 would have been about \$1.5 million rather than the \$23 million that was paid.
- The largest share of the money goes to a small number of taxing districts. According to the model developed to complete this report, of the 718 districts expected to have claims in 2004, ten of those are expected to claim 51% of the funds. Two of these are [Tax Increment Finance Districts], and 2 have 1998 tax rates of less than \$22/1000, considerably below the estimated average tax rate of \$31/1000. Beginning in 2001, the 20 highest claiming districts remain relatively unchanged.

Conclusions from this report include:

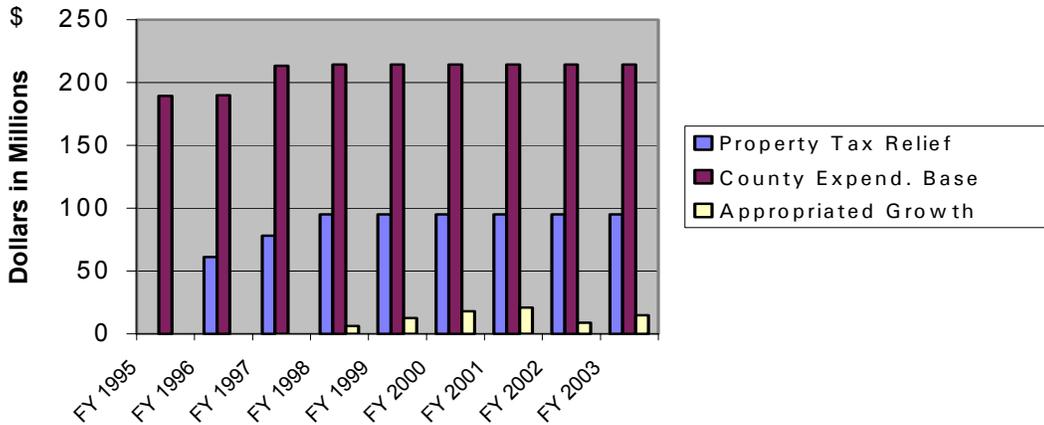
- The current legislation will result in substantial state outlays to counties and communities with slow growing tax districts due to the reimbursement being determined on the basis of a tax district and not on the basis of a tax authority.
- Large amounts of the replacement fund are going to taxing districts which are charging their own property taxpayers rates that are substantially below the rates of other districts across the state.
- Some districts are [Tax Increment Financed] and yet qualify to claim replacement funds.
- An extension of the current legislation will not appreciably reduce the state outlays or remedy the problems in those few communities where slow economic growth has been a persistent issue.
- The magnitude of the projected state outlays is considerably higher than that which had been projected by the LFB in 1997 and in mid-1999 because of the issue of the claiming jurisdiction.

Property Tax Relief Fund (Mental Health)

- The Property Tax Relief Fund was created by SF 69 (Property and Income Tax Reduction Act) during the 1995 Legislative Session.
- A standing limited appropriation was established, including a three-year phased-in approach to complete the State share. The following chart details annual appropriations from FY 1995 through FY 2003. The State share includes \$6.6 million, which is transferred annually from the Property Tax Relief Fund to the Department of Human Services for services for mentally retarded children.

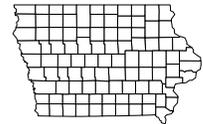
Figure 2

Property Tax Relief Funding History



Note: The FY 2003 Appropriations for Property Tax Relief and the County Expenditure Base are assumed at the FY 1998 rate. House File 755 (FY 2002 Standing Appropriations Act) appropriated \$14.9 million for FY 2003 growth, which is a growth rate of 66.5%. The growth rate for FY 2004 is scheduled to be appropriated during the 2002 Legislative Session.

- Mental health funding in each county is limited to a base year amount. The appropriation of \$95.0 million was originally set as 50.0% of the FY 1996 county base expenditures of \$189.9 million. In FY 1997, counties were allowed to choose a base year from among the fiscal years 1994 through 1996. The adjustment added \$23.4 million to gross county spending within the county Mental Health/Mental Retardation/Developmental Disabilities (MH/MR/DD) Services Fund compared to the base of \$189.9 million. In FY 1998, counties were allowed to make corrections to the base year expenditures for items previously funded with county general funds and not included in the Mental Health/Mental Retardation/Developmental Disabilities (MH/MR/DD) Services Fund. Total adjustments of \$1.1 million were made by three counties, for a total adjusted county base of \$214.4 million.
- During the 2000 General Assembly, SF 2452 (FY 2001 Standing Appropriations Act) permitted counties to adjust a county's base year expenditure due to expenditures for acquisition of a capital asset effective July 1, 2001. Counties had until December 1 to adjust the base. There were no adjustments.
- The first \$6.6 million of Property Tax Relief for mental health is annually transferred to the Department of Human Services for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) costs for children. An additional \$6.5 million was appropriated to the Department of Human Services for these same costs in FY 2000.



- The 2001 General Assembly modified the mental health funds distribution method to counties in FY 2002 in HF 732 (FY 2002 Human Services Appropriation Act). The revised distribution is as follows:

Figure 3
FY 2002 Distribution Formula

<u>Property Tax Relief</u>	<u>Allowed Growth</u>
<ul style="list-style-type: none"> • 1/3 on the county's share of State population • 1/3 on the county's share of all counties' base year expenditures • 1/3 on the county's share of State's total taxable property valuation assessed for taxes payable in FY 1998 	<ul style="list-style-type: none"> • \$12.0 million for inflation distributed as follows: <ul style="list-style-type: none"> • 75.0% based upon the county's share of State population. • 25.0% based upon each county's previous fiscal year expenditures for MH/MR/DD services. • \$12.5 million for a Target Pool. Counties having maximum mental health levies and below the 75th percentile of per capita expenditures are eligible. • \$395,000 for a Risk Pool.

- The allowed growth component was then reduced by \$15.6 million, resulting in a net allowable growth appropriation for FY 2002 of \$9.3 million. This was based upon a withholding factor to adjust the actual amount of the funding to be distributed to an eligible individual county. The ending balance percentage for each county which determines the amount of funds from the \$9.3 million each county is to receive is determined by calculating the county's ending balance in the Mental Health, Mental Retardation, and Development Disabilities Services Fund for FY 2001 as a percentage of the county's gross expenditures from that Fund for FY 2001. The counties are required to submit the balances by December 1, 2001. The withholding factor for a county is based upon the following:
 - For an ending balance percentage of less than 15.0%, the withholding factor is 0.0%.
 - For an ending balance percentage of 15.0% through 24.0%, the withholding factor is 12.8%.
 - For an ending balance percentage of 25.0% through 34.0%, the withholding factor is 35.0%.
 - For an ending balance percentage of 35.0% through 44.0%, the withholding factor is 67.3%.
 - For an ending balance percentage of 45.0% or more, the withholding factor is 100.0%.

Greater ending balances in excess of the expenditures by a county for mental health services will result in a decreased share of the allowable growth

appropriation, with the possibility that a county may not receive any of the allowable growth appropriation.

- The General Assembly may wish to consider the following during the 2002 Legislative Session:
 - Review county expenditures since the beginning of property tax relief funding, the amounts of the individual county levies for the Mental Health/Mental Retardation/Developmental Disabilities Services Fund, and the balances for the counties' Services Fund.
 - Review local services provided within the State in lieu of a mandated minimum service level.
 - Review proposals for the FY 2004 allowable growth appropriation and other proposed State funding changes.
 - Review the impact of the distribution of the FY 2002 allowable growth appropriation and the enacted distribution of the FY 2003 allowable growth appropriation.

School Foundation Level

- In the 1996 Legislative Session, the regular program foundation level was raised from 83.0% to 87.5%. Raising the foundation level increased State aid and reduced property taxes for local school districts by \$84.8 million in FY 1997. In general, school districts with the lowest taxable valuation received the biggest tax rate decrease.
- Additional property tax relief was provided by the 1999 General Assembly by raising the foundation level for the special education portion of regular program costs from 79.0% to 87.5%. In addition, funding for talented and gifted was shifted from being covered 100.0% by property taxes to being funded under the foundation formula. This has resulted in 87.5% of talented and gifted program funding now being covered by State aid.
- The foundation level can be raised for future property tax decreases. Increasing the regular program foundation level by 1.0% would increase State aid and reduce property taxes by \$22.5 million. Increasing the special education foundation level by 1.0% would increase State aid and reduce property taxes by \$3.0 million.



Property Tax Credits

The major property tax credits include the homestead tax credit, agricultural land tax credit, family farm tax credit, military service tax exemption, and various low-income elderly credits. **Figure 4** shows the amounts claimed by taxpayers and the amounts paid by the State, based on FY 2001 payments. For the military and elderly credits, local governments pay the difference between the amount claimed and the State payment. For the agricultural credits, taxpayers receive pro-rated shares of the State payment.



Figure 4

Local Government Claims and Payments (Dollars in Millions)

<u>FY 2001</u>	<u>Amount Claimed</u>	<u>Amount Paid by State</u>	<u>Additional Cost of Full State Funding</u>
Homestead Credits	\$ 114.40	\$ 114.40	\$ 0.00
Agriculture Land Credits	97.06	29.10	67.96
Family Farm Credits	43.67	10.00	33.67
Military Service Tax Exemption	13.78	2.62	0.00
Elderly Credits			
Rent Reimbursement	9.80	9.80	0.00
Property tax	5.80	5.80	0.00
Mobile homes	0.11	0.11	0.00
Special Assessments	0.05	0.05	0.00
Elderly Credit Total	<u>15.76</u>	<u>15.76</u>	<u>0.00</u>
Total	<u>\$ 284.67</u>	<u>\$ 171.88</u>	<u>\$ 101.63</u>

Homestead, Elderly, and Military Service Property Tax Credits

During the 1997 Session, the General Assembly passed HF 726 (Tax Credits and Exemptions – Local Budget Practices – Property Tax Statements Act) which requires new property tax credits or exemptions to be fully funded by the State. If the new credit or exemption is not fully funded by the State, the credit or exemptions will be prorated to the taxpayer. These requirements also apply to the homestead, elderly and disabled, and military service property tax credits. The Act also removed the appropriation freeze on the homestead, elderly and disabled, and military service property tax credits. Removing the appropriation freeze reinstated the standing unlimited appropriations for these credits. State responsibility for the military service property tax credit is limited to \$6.92 per \$1,000 of assessed valuation. The credit exempts the first \$1,852 of assessed valuation from taxation. The total cost of the credit is equal to \$1,852 times the consolidated levy rate. Overall, the value of the credit is equal to approximately \$13.3 million,

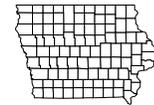
of which \$2.7 million is reimbursed by the State. The remainder is paid by counties.

In FY 1998 through FY 2002, cities, counties, and school districts must use excess State reimbursement as follows:

- Cities must use at least 50.0% for property tax relief, with the remaining amount used for infrastructure.
- Counties must use at least 50.0% for property tax relief, with the remaining amount used for infrastructure or for paying the expenses incurred in providing tax statements.
- School districts must use 100.0% for property tax relief through the reduction in the additional levy.

Property Tax Equalization

Equalization under Section 441.47, Code of Iowa, is a process used to maintain equity for property assessments between counties. The Department of Revenue and Finance (DRF) collects sales data, and based on that data, makes a determination for equalization of specific classes of property in each county. The Department determines, by county, if residential and commercial property is generally assessed too high, too low, or within an appropriate range based on county sales data.



This process is used for equalization of commercial and residential classes of property in each county every two years (odd-numbered years). Equalization is also done for the class of agricultural property, but agricultural property is assessed on a productivity basis, rather than market value, so another equalization method is used.

Equalization orders are given to the assessor. Although the assessor has some discretion in allocating increases and decreases within the classification of property, in most cases, the assessor will apply the percentage increase or decrease across the board.

Figure 5 displays the statewide changes in 1999 property tax valuations due to assessor revaluation, equalization order, and the net impact on valuations by class of property. The January 1, 2001, valuations are used to generate property tax revenues in FY 2003. Residential includes urban and rural residential and agricultural dwellings. The next equalization cycle will begin with valuations effective January 1, 2003, and will conclude with the DRF equalization order in the fall of 2003.

Figure 5

2001 Assessor Revaluation Actions and Equalization Orders

Agricultural	+0.1%	+1.5%	+1.6%
Residential	+6.1%	+4.1%	+10.2%
Commercial	+3.9%	+2.5%	+6.4%

Assessed Valuation Limitation (Rollback)

Assessment limitations provide for the reduction of property tax valuations to cushion the impact of inflation. The assessment limitations are applied to classes of property as follows:

- For agricultural, residential, commercial, and industrial classes of real estate, the taxable valuation for each class is limited to 4.0% annual statewide growth from revaluation. In addition, the percent of growth from revaluation is to be the same for agricultural and residential property.
- For utility property, the taxable valuation is limited to 8.0% annual statewide growth from revaluation.
- For railroad property, the assessed valuation is adjusted by the lowest of the assessment limitation percentages for commercial, industrial, and utility property to determine the taxable valuation.

An assessment limitation percentage is applied uniformly to each assessed value in the State for a class of property. Even though the State’s total taxable value will increase by only the allowed percent of growth, the taxable values for individual properties will change by different percentages. **Figure 6** shows historical rollback adjustments due to the assessment limitation.

Figure 6

Percent of Property Valuation after Rollback Adjustment

Assessment Year	Agricultural	Residential	Commercial	Industrial	Utilities	Railroad
1992	100.0000%	72.6985%	100.0000%	100.0000%	100.0000%	100.0000%
1993	100.0000%	68.0404%	100.0000%	100.0000%	100.0000%	100.0000%
1994	100.0000%	67.5074%	100.0000%	100.0000%	97.2090%	97.2090%
1995	100.0000%	59.3180%	97.2824%	100.0000%	100.0000%	97.2824%
1996	100.0000%	58.8284%	100.0000%	100.0000%	100.0000%	100.0000%
1997	96.4206%	54.0909%	97.3606%	100.0000%	100.0000%	97.3606%
1998	100.0000%	56.4789%	100.0000%	100.0000%	100.0000%	100.0000%
1999	96.3381%	54.8525%	98.7732%	100.0000%	100.0000%	98.7732%
2000	100.0000%	56.2651%	100.0000%	100.0000%	100.0000%	100.0000%
2001	100.0000%	51.6676%	97.7701%	100.0000%	100.0000%	97.7701%

Tax Increment Financing (TIF)



A Tax Increment Finance (TIF) area is established when a city or county adopts a resolution establishing an urban renewal project or a community college adopts a jobs training project. The taxable value of the TIF area in the year prior to the establishment of the TIF becomes the base value.

The property tax revenue from the base value is distributed to all taxing entities. Any growth above the base is called the incremental value. The property tax revenue on the incremental value goes to the TIF project.

As directed by the 2000 General Assembly in HF 776 (Urban Renewal Act) a comprehensive review of the use of Tax Increment Financing (TIF) is in progress. The legislation required that the Department of Management (DOM) collect a number of data items regarding the level and use of TIF by cities and counties. The DOM is then required to provide the data to the Legislative Fiscal Bureau (LFB) for analysis and report to the General Assembly. The statutory deadline for the submittal of the information to the DOM was September 30, 1999. However, due to a number of technical issues, this date was not met. Senate File 2459, passed by the 2000 General Assembly, changed the filing deadline for urban renewal annual reports from September 30 to December 1. Senate File 2459 also stipulated that if a municipality has not filed an annual report with the State by December 1, the county treasurer will withhold disbursement of tax increment revenues to the municipality. Currently, the DOM is gathering the information and working with the LFB.

In FY 1997, there were 1,453 TIF areas statewide, with 896 having increased valuation. The total incremental value was \$2.4 billion of net taxable valuation. This generated approximately \$71.2 million for TIF projects. This is an increase of \$41.1 million (136.5%) since FY 1992. The incremental value also generated an additional \$8.1 million for bonded indebtedness levies.

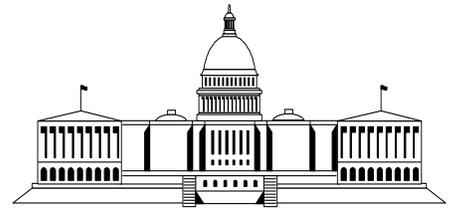
The exclusion of TIF areas' incremental value caused the State to increase General Fund appropriations for School Aid by \$12.8 million in FY 1997, to replace revenue not generated by the uniform levy rate. That amount is estimated to be \$24.1 million in FY 2002.

An *Issue Review*, "Tax Increment Financing (TIF)," issued July 31, 1997, provides additional details on TIFs and the impact on the State, local governments, and taxpayers.

FEDERAL FUNDING ISSUES

Since 1990, the federal budget process has focused on avoiding increases in the annual deficit by imposing targets for various types of discretionary spending and limiting statutory changes that would increase entitlement spending. While unable to pass a balanced budget amendment, the 105th Congress did achieve the first budget surplus since 1969. The surplus of \$70.0 billion for Federal Fiscal Year (FFY) 1998 was applied against the \$5.5 trillion national debt. The 106th and 107th Congress continued to hold spending in check and portions of the surpluses of \$107.0 billion for FFY 1999, \$237.0 billion for FFY 2000, and \$157.8 billion for FFY 2001, were also applied against the national debt.

Current estimates are that in State FY 2002, the State of Iowa will receive approximately \$3.094 billion in federal funding. This is an increase of \$143.1 million (4.9%) compared to actual FY 2001 receipts. Over \$1.571 billion (50.8%) of this amount will be received by the Department of Human Services (DHS), primarily for the Medical Assistance, Food Stamps, Children's Health Insurance, and Family Investment Programs. Other departments receiving large amounts of federal funds include:



- \$335.2 million for the Department of Education.
- \$321.6 million for the Department of Transportation.
- \$276.5 million for the Board of Regents Institutions.
- \$250.0 million for the Department of Workforce Development.

For State FY 2003, the State of Iowa anticipates receiving \$3.129 billion in federal funding. This would be an increase of \$34.6 million (1.1%) compared to estimated State FY 2002. Over \$1.642 billion (52.5%) of this amount will be received by the Department of Human Services. Other departments receiving large amounts of federal funds include:

- \$319.0 million for the Department of Education.
- \$306.7 million for the Department of Transportation.
- \$284.0 million for the Board of Regents Institutions.
- \$240.9 million for the Department of Workforce Development.

The estimated State FY 2002 and FY 2003 figures for federal funds are likely to be revised for a number of reasons including:

- Some departments historically underestimate the amount of federal funds they are likely to receive to ensure a conservative approach to planning expenditures.
- A number of adjustments are made each time the books are closed on a federal fiscal year. This could result in reversion of unexpended federal funds and, where federal law allows, the carry-forward of federal funds into the next fiscal year.
- Rule changes in many federal programs take time to be finalized and published, and those changes could impact the amount of funds states will receive and the distribution of the available funds.
- The impact of the September 11th disaster will likely result in funding higher than anticipated for FY 2002 and FY 2003 for the Department of Public Defense and the Emergency Management Division.
- The 4.3% across-the-board reduction in General Fund appropriations to most departments may result in loss of federal funding for several departments. The largest FY 2002 impact is currently estimated for the Department of Human Services at \$34.3 million.

In January 2002, the Federal Funds Information Service (FFIS) provided an analysis of major federal grant programs and provided estimates for each state. Some of these amounts may change for FFY 2002, with ongoing reprioritization of expenditures at the federal level, due to the events of September 11, 2001. The table below presents the information provided by FFIS for Iowa.

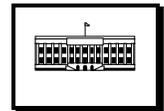
Federal Grant Programs – Iowa

(Dollars in millions)

Program	FFY 2001 Estimate	FFY 2002 Enacted	Difference
Medicaid Administration	\$ 57.9	\$ 70.2	\$ 12.3
Medicaid Vendor Payments	1,153.9	1,253.3	99.4
Adoption Assistance	19.6	23.3	3.7
Substance Abuse and Prevention	13.1	13.5	0.4
Unemployment Insurance Admin.	19.7	20.2	0.5
Temporary Assist. for Needy Families	131.5	131.5	0.0
Title I – Local Education Agencies	56.6	66.8	10.2
Vocational Education – Basic Grant	12.4	13.3	0.9
Special Education Basic Grants	70.4	83.6	13.2
Head Start	47.7	50.3	2.6
Child Care Development Block Grant	17.9	18.8	0.9
Social Services Block Grant	18.2	17.6	-0.6

Program	FFY 2001 Estimate	FFY 2002 Enacted	Difference
Foster Care	37.5	37.4	-0.1
Child Support Enforcement Admin.	42.3	44.5	2.2
Child Care Entitlement	21.6	23.0	1.4
Rehabilitation Services	27.5	28.4	0.9
Women, Infant, and Children	34.9	36.1	1.2
Children's Health Insurance Program	32.4	22.4	-10.0
Community Development Block Grant	17.6	17.4	-0.2
Comm. Devel. - Nonentitlement	31.3	30.7	-0.6
Low Income Home Energy Assist.	25.5	31.0	5.5

According to the National Conference of State Legislatures (NCSL), given the events of September 11th, the 107th Congress and the President currently are and will have to continue to confront some major issues that will impact Iowa:



- Homeland security.
- The potential threat of bioterrorism.
- An economic slow down or recession.
- The growing level of unemployment.

The General Assembly may wish to review the following issues:

- Children's Health Insurance Program (CHIP) – Iowa received its first allotment of this federal funding in October 1998. Unused funds for FY 1998 were scheduled to revert in January 2001 to a federal pool for redistribution among states that have exhausted their allotments. Iowa had unused funds of \$6.1 million for FY 1998. As a result of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act, states with unused federal allotments were allowed to continue availability of part of the unused funds. Iowa was allowed to keep \$4.0 million of the unused FY 1998 allotment in accordance with requirements of the Act. For more information on this issue, please contact Sam Leto (281-6764).
- Medicaid Funding – House File 763 (Hospital Trust Fund Act), enacted by the General Assembly on November 8, 2001, authorizes the Department of Human Services to seek federal approval of the upper payment limit for non-State, government owned or operated hospitals. The Act also established a Trust Fund to deposit enhanced funds received from this new process. The Iowa Hospital Association and the DHS estimate \$25.0-\$29.0 million each year will be received into the Trust Fund. This

mechanism is similar to the process for the Senior Living Trust Fund. For more information on this issue, please contact Sam Leto (281-6764).

- Temporary Assistance for Needy Families (TANF) – On September 30, 2002, the authorization for receiving TANF federal funds ends. At this time, Congress has not passed legislation to reauthorize funds for this welfare reform initiative, which began on October 1, 1997. Iowa currently receives \$131.5 million each year. Without this funding, the General Assembly will be required to provide other funds to maintain current cash assistance and services. For more information on this issue, please contact Sam Leto (281-6764). 
- The impact of the federal transportation funding legislation – The Transportation Equity Act for the 21st Century (TEA-21) provides an increase of \$565.3 million (42.7%) in Highway Program funds over the six-year authorization period, compared to the six-year apportionments made in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). Federal fund apportionments for FFY 2002 for public transit assistance and aviation improvements are unknown at this time due to the delay in Congressional action. For more information on this issue, please contact Mary Beth Mellick (281-8223).
- Federal Department of Defense budget allocation – In FFY 2001, the Iowa Department of Public Defense received \$23.0 million for the creation of an Iowa Technology Center (ITC). For FFY 2002, the Department will receive another \$35.0 million for continued development of the Center and total funding through FFY 2004 of an estimated \$80.0 million is expected. In addition to the federal funds the project will bring to Iowa, it is expected to generate other economic development benefits through partnerships in related software development with firms relocating or establishing offices in Iowa. The Iowa Technology Center currently has three offices in Iowa at Camp Dodge, Urbandale, and Fort Dodge and a total of 70 employees. The Center expects to have over 150 employees within the next year.
- This federal funding will also support the Iowa National Guard in the following areas:
 - Development of a Consolidated Interactive Virtual Information Center (CIVIC).
 - Establishment of a Command and Control Wide Area Network.
 - Creation of a Military Interactive Multi-media Instruction Center at Camp Dodge.
- Other FFY 2002 federal funding for the Department of Public Defense includes:
 - \$2.7 million for construction of the Estherville Armory as part of the Estherville Community Center.
 - \$27.0 million for improvements to the Sioux City Air Base.

- For further information on federal funds received by the Department of Public Defense please contact Jennifer Dean (281-7846).

Due to Congress just completing its work in January of 2002, some Executive Branch departments have not yet provided the full amount of federal funds anticipated for FY 2003. Additionally, federal departments will likely be implementing new administrative rules that impact funding formulas or access to discretionary funds. As soon as this information is available, the LFB will provide the departments' updated estimates to the respective Appropriations Subcommittees.

TOBACCO SECURITIZATION

On November 20, 1998, 46 states approved a settlement agreement with the four major tobacco industry manufacturers comprising 99.4% of the United States cigarette market. The manufacturers agreed to a settlement valued at \$206.4 billion to be paid over 25 years to settle tobacco-related lawsuits filed by the states. The settlement covered 39 states that filed lawsuits and seven states that had yet to sue. The settlement does not apply to the four states that previously settled lawsuits.

Industry Payments – The funding provisions of the settlement include:

- An annual industry payment in perpetuity to the 46 settling states plus \$12.7 billion for “up-front” payments. Up-front payments were distributed beginning in December 1998 and are scheduled to continue through January 2003. Annual payments will total \$195.9 billion through the year 2025 and will be adjusted annually for inflation and according to cigarette sales volume. Iowa’s total share will be approximately \$1.9 billion.
- \$8.6 billion for a Strategic Contribution Fund, to be paid to states over a ten-year period beginning April 2008, and to be allocated based on efforts expended to resolve the state lawsuits against tobacco companies. Iowa’s share will be approximately \$234.0 million.
- \$50.0 million for an Enforcement Fund available to states to prosecute settlement violations. Payments will be made to a national escrow agent and made available to states as needed for prosecution.
- \$1.45 billion for a sustained advertising program to counter youth tobacco use and educate consumers about tobacco related diseases. Payments will be made to a foundation that will use the funds to administer a national campaign.
- \$250.0 million to develop programs to reduce teen smoking and substance abuse and to prevent diseases associated with tobacco use. Payments will be made to a foundation that will administer a national campaign.



Iowa will receive approximately \$1.9 billion (0.87%) of the total funds allocated for distribution to the states. Annual payments to Iowa initially increase on an annual basis. From FY 1998 through FY 2001, Iowa has received \$144.4 million. Unadjusted payments for future fiscal years are:



- \$155.1 million from FY 2002 to FY 2004
- \$178.9 million from FY 2005 to FY 2007
- \$189.4 million from FY 2008 to FY 2010
- \$1.1 billion from FY 2011 to FY 2025

The estimated receipts include strategic payments, receipts due from the Master Settlement Agreement (MSA), and net litigation payments. The estimate assumes an average annual decline in cigarette sales of 2.6% through 2004. The average annual decline for succeeding years is assumed to be 1.6%. Estimated payment amounts, however, may change significantly once volume and inflation adjustments are computed. An inflation adjustment equal to the greater of the Consumer Price Index or 3.0% is applied to each year's annual payment amount. A volume adjustment is also applied to each year's payment amount to reduce payments if cigarette sales decrease compared to the 1997 sales volume.



2000 Legislative Session

The General Assembly made the following FY 2001 appropriations from tobacco settlement funds:

- Healthy and Well Kids in Iowa (*hawk-i*): \$235,000
- Human Services' Provider Rates: \$26.3 million
- Tobacco Cessation Programs: \$9.3 million
- Healthy Iowans 2010 Programs: \$2.8 million
- Substance Abuse Treatment: \$11.9 million
- Community-Based Corrections Substance Abuse Treatment: \$610,000
- Savings Account for Healthy Iowans: \$3.8 million
- Transfer to the General Fund: \$64.6 million

The General Assembly enacted HF 2579 (Tobacco Securitization Act), creating the Tobacco Settlement Authority with the Governing Board comprised of the Treasurer of State, the State Auditor, and the Director of the Department of Management. The Act began the process necessary for the State to sell its future

tobacco settlement payments due from the Master Settlement Agreement (MSA), subject to approval by a constitutional majority of each House of the General Assembly and approval by the Governor.

2001 Legislative Session

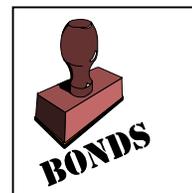
The General Assembly enacted the following Acts related to tobacco:

- SF 532 (Tobacco Securitization Act)
- SF 533 (Tobacco Settlement Trust Fund Act)
- SF 537 (Healthy Iowans Tobacco Trust Fund Act)
- HF 413 (Teacher Compensation Reform and Student Achievement Act)
- HF 755 (FY 2002 Standing Appropriations Act)
- HF 742 (FY 2002 Infrastructure Appropriations Act)

Senate File 532, Tobacco Securitization Act, authorizes securitization of the tobacco settlement payments. The Act authorizes the sale of approximately \$600.0 million of tax-exempt and \$50.0 million in taxable securities for 30 years. Interest on the proceeds will remain in the Trust. The Act creates the Tax-Exempt Bond Proceeds Restricted Capital Fund Account. Funds within the Account will be used for litigation payments, qualified capital projects, and certain debt service. The Act also creates the Endowment for Iowa's Health Account to hold net proceeds of any taxable or tax-exempt bonds issued to provide funds for health-related programs, any portion of the State's tobacco settlement payments that are not sold to the Tobacco Settlement Authority, and any other moneys appropriated to the Account. Senate File 532 transfers \$55.0 million from the Endowment to the Healthy Iowans Tobacco Trust to be used for health-related programs.

Senate File 533, Tobacco Settlement Trust Fund Act, redirects the State wagering tax allocation to the Endowment for Iowa's Health Account and makes General Fund appropriations to the Endowment over a six-year period. The Act makes the following allocations from the State wagering taxes:

- FY 2002: \$80.0 million
- FY 2003: \$75.0 million
- FY 2004: \$70.0 million
- FY 2005: \$70.0 million
- FY 2006: \$70.0 million



- FY 2007: \$70.0 million

Under current law, these revenues are deposited in the Rebuild Iowa Infrastructure Fund (RIIF). The Act also makes the following General Fund appropriations to the Endowment:

- FY 2002: \$7.2 million
- FY 2003: \$27.1 million
- FY 2004: \$28.3 million
- FY 2005: \$29.8 million
- FY 2006: \$29.6 million
- FY 2007: \$17.8 million

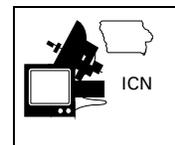
Senate File 537, Healthy Iowans Tobacco Trust Fund Act, appropriates a total of \$60.3 million to the Departments of Human Services, Public Health, Corrections, and Education for health-related initiatives. Of the \$60.3 million, \$57.2 million is appropriated from the Healthy Iowans Tobacco Trust Fund and \$3.1 million from the Savings Account for Healthy Iowans. The Act transfers the FY 2001 ending balance of the Savings Account for Healthy Iowans to the Healthy Iowans Tobacco Trust Fund and also directs the reversions from the FY 2001 appropriations to the Fund. The FY 2002 beginning balance in the Healthy Iowans Tobacco Trust Fund is \$12.7 million.

House File 413, Teacher Compensation Reform and Student Achievement Act, appropriates \$40.0 million from the Endowment for Iowa's Health Account to the Student Achievement and Teacher Quality Program. The amount of monthly payments needed to implement the teacher salary increases are estimated to be \$3.5 million over nine months. This amounts to a total of \$31.5 million. The remaining \$8.5 million is to be used for a variety of other education programs.



House File 755, FY 2002 Standing Appropriations Act, appropriates \$17.9 million from the bond proceeds of the Tobacco Settlement Trust Fund. The appropriations include \$10.6 million for attorney litigation payments and \$7.2 million for FY 2002 debt service payments for the Iowa Communications Network (ICN), Regents Academic Revenue Bonds, and Prison Debt Service. In prior years, these payments were made from the General Fund and the Prison Infrastructure Fund.

House File 742, FY 2002 Infrastructure Appropriations Act, appropriates \$107.0 million from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund for numerous infrastructure projects. In the event that the State is not successful in securitizing



tobacco proceeds, \$84.4 million of the total appropriations will be funded from the RIIF. The three projects comprising the remaining \$22.6 million would not be funded. These projects include the State Laboratory Facility (\$16.7 million), the ICN ATM Conversion (\$3.5 million), and the Iowa Public Television (IPTV) High Definition Conversion (\$2.4 million). Section 48.2 of HF 742 allows payments for costs incurred on infrastructure projects to be paid from the RIIF until the bond proceeds are received. Once the bond proceeds are received, the RIIF will be reimbursed for payments made against the infrastructure projects. This provision does not apply to the State Laboratory Facility, the ICN ATM Conversion, or the IPTV High Definition Conversion.

2001 Interim – The Tobacco Settlement Authority hired the investment banking firms of Solomon Smith Barney, Senior Manager, and Bear Stearns, Co-Senior Manager. Other firms serving as co-managers include Merrill Lynch, First Albany, Morgan Stanley, Lehman Brothers, US Bancorp, Piper Jaffrey, A.G. Edwards, and Goldman Sachs. Other members of the financial team, hired in the 2000 interim, include financial advisor Public Financial Management; the partnership of Hawkins, Delafield & Wood in conjunction with Ahlers, Cooney, Dorweiler, Haynie, Smith, and Allbee, P.C. as special counsel; and the Dorsey and Whitney Law Firm as legal counsel. The financial team’s compensation was contingent upon securitizing tobacco payments.

The Tobacco Settlement Authority sold \$644.2 million in securities in October 2001. The Series 2001 A bonds were a \$40.0 million issue. These are federal taxable bonds with the yield estimated to be 6.8%. Proceeds of this unrestricted issue will be deposited into the Endowment for Iowa’s Health Account. The Series 2001 A bond proceeds are distributed as follows:

- \$39.6 million deposited into the Iowa’s Health Account.
- \$330,000 for the underwriter’s discount.
- \$119,000 for the costs of issuance.



The Series 2001 B bonds were a \$604.2 million issue with an original discount of \$9.3 million. These are federal tax-exempt bonds and are split as follows:

- \$61.3 million serial bonds with a yield ranging from 4.6% to 4.9%.
- \$205.8 million medium term bonds with a yield of 5.5%.
- \$337.1 million long term bonds with a yield of 5.7%.

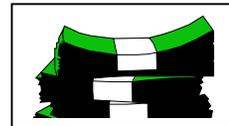
The Series B bonds proceeds are distributed as follows:

- \$139.7 million for refunding and defeasance purposes.

- \$374.4 million for capital projects over the next six years, including FY 2002.
- \$25.5 million for attorney fees related to the Master Settlement Agreement.
- \$200,000 for the operating expenses of the Tobacco Settlement Authority.
- \$48.1 million for the Debt Service Reserve Account.
- \$5.0 million for the underwriter's discount.
- \$1.8 million for the costs of issuance.
- \$200,000 for costs related to enforcing the Master Settlement.

Restricted Capital Fund

The following table shows the Governor's recommendation for the Restricted Capital Fund. In FY 2002, the Fund received \$540.0 million in tax-exempt bond proceeds and is estimated to earn \$23.4 million in interest. The General Assembly appropriated \$124.8 million from the Fund resulting in an estimated ending balance of \$438.6 million. In FY 2003, the Fund is estimated to earn \$20.7 million in interest that will provide a total of \$459.4 million in available revenues for infrastructure projects.



❖ The Governor is recommending a total \$144.9 million be appropriated from the Restricted Capital Fund for FY 2003.

**Tobacco Settlement Trust Fund
Restricted Capital Fund**

Dollars in Millions

	Estimated FY 2002	Gov's Rec. FY 2003
	<u> </u>	<u> </u>
Revenues		
Beginning Balance	\$ 0	\$ 438.6
Tax Exempt Bond Proceeds	595.0	0
Debt Service Reserve	-48.1	0
Underwriter & Issuance Fees	-6.8	0
Net Bond Proceeds	<u>540.0</u>	<u>438.6</u>
Interest	23.4	20.7
Total	<u>\$ 563.5</u>	<u>\$ 459.4</u>
Appropriation Recommendations		
Attorney Litigation Payments	\$ 10.6	\$ 14.9
Debt Service	7.2	27.2
Capital Appropriations	107.0	102.8
Total	<u>\$ 124.8</u>	<u>\$ 144.9</u>
Ending Balance	<u>\$ 438.6</u>	<u>\$ 314.4</u>

The sum of the numbers may not equal totals due to rounding.

Endowment for Healthy lowans

The following table shows the estimated FY 2002 and FY 2003 revenues and expenditures of the Endowment. The Endowment is estimated to receive a total of \$153.4 million in FY 2002. The General Assembly appropriated a total of \$95.0 million in FY 2002 resulting in a projected ending balance of \$58.4 million. In FY 2003, the Endowment is estimated to receive a total of \$198.7 million in revenues that includes the \$58.4 million beginning balance. Under the spending plan of the Endowment, the appropriation for the Healthy lowans Tobacco Trust Fund is estimated to be \$55.8 million. The Plan uses a growth factor of 1.5% for the Healthy lowans Tobacco Trust Fund appropriation.

**Tobacco Settlement Trust Fund
Endowment for Iowa's Health Account**

Dollars in Millions

	Estimated FY 2002	Estimated FY 2003
Resources		
Balance	\$ 0	\$ 58.4
Bond Proceeds	40.0	0
Underwriter & Issuance Fees	-0.4	0
Net Bond Proceeds	39.6	0
General Fund Transfers	7.2	27.1
Wagering Tax Allocation Transfer	80.0	75.0
22% of MSA Payment Residual	13.9	13.8
Tobacco Settlement Residuals	11.4	14.9
Interest Earned	1.2	9.5
Total	\$ 153.4	\$ 198.7
Appropriations		
Healthy Iowans Tobacco Trust	\$ 55.0	\$ 55.8
Teacher Compensation	40.0	0
Total	\$ 95.0	\$ 55.8
Ending Balance	\$ 58.4	\$ 142.9

The sum of the numbers may not equal totals due to rounding.

Assuming the goal of the General Assembly is to maximize the 30-year earnings potential of the Endowment (i.e., establish a \$1.0 billion Endowment by FY 2030), it is critical to not significantly spend down the FY 2002 ending balance as this will reduce the earnings potential.

Repayment of Teacher Quality Act Appropriation

Senate File 531 (FY 2002 Administration and Regulation Appropriations Act) provides for repayment of the \$40.0 million appropriation to the Endowment. The repayment is to come from the excess revenues in the Economic Emergency Fund at the end of FY 2001 and FY 2002 after the first \$163.8 million is transferred to the General Fund.



Using current revenue estimates, there will not be any excess funds available to reimburse the Endowment for the Teacher Compensation Reform and Student Achievement Act appropriation in FY 2002. If the \$40.0 million is not reimbursed to the Endowment, the 30-year earnings projection will be reduced by an estimated \$319.0 million.

Other options available to the General Assembly include repayment of the \$40.0 million over a period of years. Although this will reduce the overall earning potential of the Endowment, it may be practical given the current General Fund budget difficulties. The table below provides the estimated fiscal impact of various

repayment scenarios compared to the current spending plan that assumes the \$40.0 million will be repaid in full in FY 2003. Legislative action is required to implement any of these options. The Governor is not recommending to reimburse the Endowment in FY 2003.

Repayment Scenarios	Loss to Endowment over 30-Year Period	
1. \$40.0 million repaid over 2 years (\$20.0 million per year)	\$	11.8 million
2. \$40.0 million repaid over 3 years (\$13.3 million per year)	\$	23.1 million
3. \$40.0 million repaid over 4 years (\$10.0 million per year)	\$	33.8 million

❖ Governor’s Recommendations for FY 2003

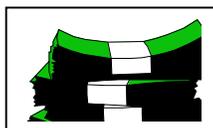
The Governor is recommending appropriating \$55.8 million from the Endowment for Healthy lowans Account to the Healthy lowans Tobacco Trust Fund and \$61.9 million from the Healthy lowans Tobacco Trust Fund. This recommendation includes spending a portion of the FY 2002 projected ending balance of \$6.4 million:

- Community-Based Corrections Substance Abuse Treatment: \$610,000
- Education Empowerment Program: \$1.2 million
- Substance Abuse Treatment: \$11.8 million
- Tobacco Use Prevention and Cessation: \$9.4 million
- Healthy lowans 2010 Programs: \$2.6 million
- hawk-i: \$200,000
- Health Insurance Portability and Accountability Act (HIPAA): \$3.6 million
- Human Services’ Provider Rates: \$32.5 million



The Governor is recommending appropriating \$144.9 million from the Restricted Capital Fund for capital projects. A detailed listing of these projects appears at the end of the section on the Transportation, Infrastructure, and Capitals Appropriation Subcommittee:

- Department of Economic Development: \$2.5 million
- Department of Public Defense: \$1.1 million
- Board of Regents: \$47.2 million
- Department of Transportation: \$2.5 million



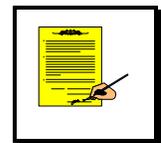
- Treasurer of State: \$46.6 million
- Department of Corrections: \$3.5 million
- Department of General Services: \$38.6 million
- Department of Natural Resources: \$1.0 million

REORGANIZATION OF THE DEPARTMENT OF HUMAN SERVICES

The Department of Human Services and the Office of the Governor announced on October 24, 2001, a proposed reorganization of the Department for FY 2002 and future years. On October 25, the Council on Human Services gave initial approval for the reorganization. On November 8, the Iowa General Assembly enacted legislation, HF 764, (Department of Human Services Reorganization Act) during the Second Extraordinary Session to continue the planned reorganization. A supplemental FY 2002 General Fund appropriation of \$3.0 million was enacted in HF 759, (FY 2002 Appropriations Adjustment Act) for the Field Offices Division, as was requested by the Department and the Office of the Governor as part of the reorganization. On November 14, the Council on Human Services adopted various administrative rule changes to implement the reorganization. As of January 14, the plan as modified throughout the process includes:



- Elimination of the five regional offices and 38 area (referred to as "cluster") offices to be replaced with eight service areas. Full-time county offices are reduced from 96 counties to 59 counties.
- Reduction of the total workforce of the Department by 270.0 FTE positions (9.5%), which included lay offs, reductions in contracted staff, and elimination of positions currently vacant.
- Changes in Economic Assistance programs include:
 - Utilization of more federal Temporary Assistance to Needy Families (TANF) Block Grant funding to meet the increase in the number of persons eligible for cash assistance. *The Governor is recommending an increase of \$10.6 million from TANF funding.*
 - Reduction of Family Development and Self-Sufficiency and Early Childhood Empowerment Area Initiative to offset need to either reduce the amount of Family Investment Program (FIP) grants or to establish a waiting list. *The Governor is recommending a decrease of \$1.4 million from TANF funding.*
 - Elimination of the Emergency Assistance Program as previously requested by the Department for FY 2003. *The Governor is recommending elimination of the Emergency Assistance Program, which would result in a decrease of \$2.8 million from TANF funding.*



- Changes in Medical Assistance (Medicaid) include:
 - Possible elimination of optional services and optional eligible groups. Federal law specifies a minimum group of eligible people and a minimum level of services. The State of Iowa exceeds both categories in the FY 2002 budget. *The Governor is recommending a decrease of \$40.0 million for FY 2003 from the State General Fund for increases in revenues or decreases in expenditures to be agreed upon by the Governor and General Assembly during the 2002 Legislative Session.*
 - Possible reduction of provider rates for providers not receiving a reduction of reimbursement rates in FY 2002 compared to that received in FY 2001. The Council on Human Services approved emergency administrative rules to reduce most provider rates by 13.2% or \$18.6 million in State General Funds for the remainder of FY 2002. *The Governor reinstates these funds for FY 2003 which were a result of the 4.3% across-the-board reduction in FY 2002.*
 - Possible reduction for the third party contractor for Medical Contracts, based upon expenditures for Medical Assistance. *The Governor is recommending a decrease of \$128,000 for Medical Contracts based upon changes for Medical Assistance.*

- Changes to Adult, Children, and Family Services include:



- The FY 2002 funding reduction for child care services from the 4.3% across-the-board reduction would be replaced with changes in use of the Temporary Assistance to Needy Families (TANF) funding.
- Possible reductions in the FY 2002 funding for empowerment programs.
- Possible reductions in the FY 2002 provider rates and cost allocations or changes in use of decategorization funding.
- Responsibility for various prevention services would be transferred to the Department of Public Health in FY 2003. *The Governor is recommending the transfer of these duties to the Department of Public Health.*

- Changes in Mental Health/Mental Retardation/Developmental Disabilities include:

- Counties would assume a greater responsibility for service provision with greater flexibility in providing those services. *The Governor is recommending moving service management for mental health and developmental disabilities to the local level.*

- A minimum base-line of services for all counties may be included in the proposed reorganization details. *The Governor is recommending a redesign of these services including:*
 - *Development of a core set of services.*
 - *Establishment of a common eligibility determination.*
 - *Services based upon residency (elimination of “legal settlement” where the State Cases appropriation provides the funds to the counties when residency can not be established).*
 - *Transition to facilities with greater family choice.*
- The use of existing and previously appropriated infrastructure funds to the Department of General Services for costs associated with the possible relocation clients within the Sexual Predator Commitment Program. The Department of Human Services is permitted to collocate the Program at the Mental Health Institute at Mount Pleasant. *The Governor is recommending utilizing \$1.4 million from the Tobacco Settlement Fund for one-time costs and \$700,000 from the State General Fund for ongoing costs related to the relocation.*
- Changes in Administration include:
 - General Administration: A reduction of 65.0 FTE staff positions, one deputy director position, six division administrator positions and 11.0 supervisory FTE positions, increasing the span of control from 1:8 to 1:11. This is a decrease of 83.0 FTE positions (24.5%) in the number of FTE positions affiliated with General Administration for FY 2002.
 - Field Operations: A reduction of 32.0% of middle management FTE positions, increasing the span of control from 1:10 to 1:11. This is to occur by eliminating 126.0 FTE positions at the Regional Office level and moving 44.0 FTE positions of those to increase field support, purchase of service administration, and child care service support. The net result is a decrease of 82.0 FTE positions. The 38 “cluster” offices are also eliminated, with a reduction from 1,898.0 FTE positions to 1,865.0 FTE positions, for a net decrease of 33.0 FTE positions. The “front-line” FTE positions, including the position classifications of Income Maintenance Worker 2, Social Worker 2, and Social Worker 3, are adjusted only slightly, from 1,294.0 FTE positions to 1,286.0 FTE positions.

- Other changes include:
 - Cooperation to increase in FY 2003 with the Department of Elder Affairs for the various services provided by the Elderly Services Waiver.
 - Responsibility for licensing, accreditation, certification, registry checks, and evaluations would be transferred to the Department of Inspections and Appeals in FY 2003. *The Governor is recommending that various functions within the DHS be transferred to the Department of Inspections and Appeals. A total of \$674,000 of State General Fund is reduced from various line-item appropriations within the DHS for the transfer. The proposed functions to be transferred include:*
 - *Child care licensing and registration.*
 - *Group care licensing, shelter care approval and licensing, detention approval, child placing agency licensing, and adoption investigator certification.*
 - *Record check evaluations for nursing homes, home health care providers, adoption investigators, group and shelter care, and detention facilities.*
 - *Technical assistance and quality assurance efforts for rehabilitative treatment services.*
 - Responsibility for all prevention programs would be transferred to the Department of Public Health in FY 2003. *The Governor is recommending the prevention programs be transferred to the Department of Public Health. This would include a reduction of \$316,000 of State General Fund for the transfer. The Department of Public Health receives an increase of \$250,000 for the duties. The transfer results in a savings of \$66,000 for the elimination of the FTE position that is not included within the Governor's recommendation for the Department of Public Health.*
 - Responsibility for Mental Health and Developmental Disabilities service planning for adults would be transferred to the counties in FY 2003.

As of January 14, the Department continues to modify the proposed service area boundaries to reflect requests by certain counties. The Department has yet to finalize the number and location of counties which will have full-time offices and part-time offices to reflect merger agreements between counties for the purpose of local offices.

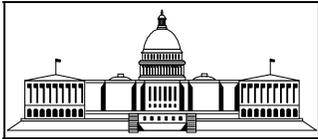
Necessary Action by the 2002 General Assembly

Legislation would need to be enacted for portions of the Department's and Governor's planned reorganization, including but not limited to the changes in responsibilities by the various State government departments and the responsibilities of counties.



CHILDREN'S HEALTH INSURANCE PROGRAM

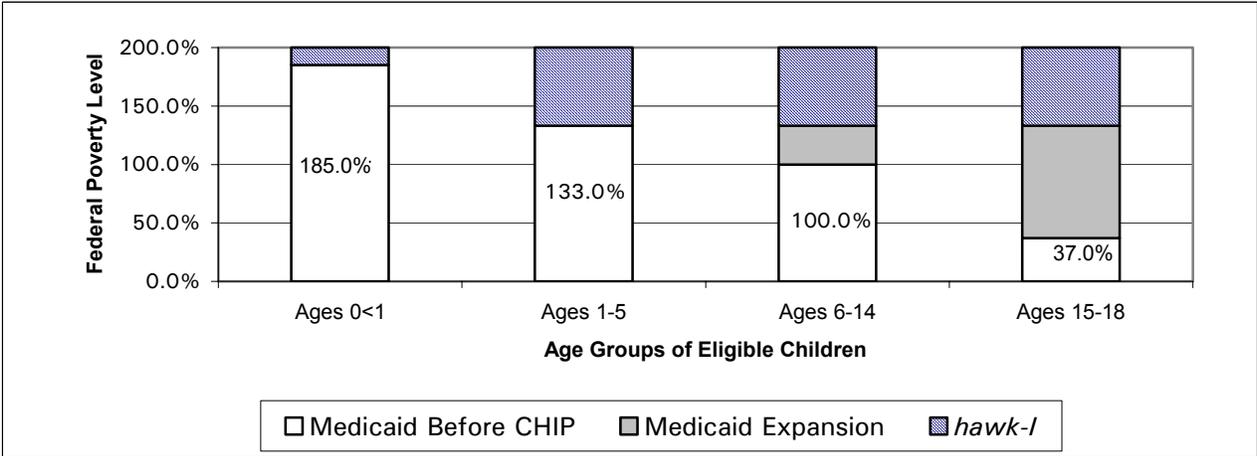
The federal Balanced Budget Act of 1997 (HR 2015) created the Children's Health Insurance Program (CHIP), under Title XXI of the Social Security Act, to enable states to provide health coverage to uninsured, low-income children.



Iowa's Children's Health Insurance Program

Iowa's chosen option for implementing the CHIP is a combination of Medicaid expansion and a new program entitled Healthy and Well Kids in Iowa (*hawk-i*). House File 2517 (Healthy and Well Kids in Iowa Program Act) expanded Medicaid coverage for children to 133.0% of the Federal Poverty Level effective July 1, 1998, and created the *hawk-i* Program for children in families with incomes up to 185.0% of the Federal Poverty Level effective January 1, 1999. House File 2555 (FY 2001 Tobacco Settlement Fund Appropriations Act) expanded the *hawk-i* Program to provide coverage for children with family incomes ranging from 185.0% to 200.0% of the Federal Poverty Level effective July 1, 2000.

The following graphic indicates by Federal Poverty Level and age group which Program options cover eligible low-income children:



The Department of Human Services (DHS) estimates that 22,000 children in the State are eligible for the Medicaid expansion, many of them siblings of younger Medicaid eligibles, and 45,000 children in the State are eligible for the *hawk-i* Program. As of September 30, 2001, 21,600 children had enrolled in Iowa's Children's Health Insurance Program, with approximately 50.8% enrolled in the Medicaid expansion and 49.2% enrolled in the *hawk-i* Program. The FY 2002 appropriation for the Children's Health Insurance Program was based on 25,700

children being enrolled in the Program by the end of FY 2002. The Governor's FY 2003 budget assumes 28,100 children will be enrolled by the end of FY 2003.

State and Federal Funds Appropriated



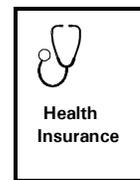
The federal FY 2001 CHIP allotment for Iowa was \$32.9 million, based on the federal Centers for Medicare and Medicaid Services (formerly Health Care Financing Administration) estimate of 67,000 uninsured children in Iowa. The FY 2002 General Fund appropriation for the Program is \$8.4 million. The DHS is also expected to expend \$4.0 million of funds carried forward in the *hawk-i* Trust Fund and \$0.2 million from the Tobacco Trust Fund. The combined \$12.6 million is eligible for a federal match of \$34.9 million, for total FY 2002 funding of \$47.5 million.

Iowa was one of 39 states reverting federal funds to the Children's Health Insurance Program redistribution account in January 2001. Federal legislation provided states three years in which to spend each year's federal allocation for the CHIP. Iowa received its first federal allotment in October 1997, and had an unspent balance of \$6.1 million of the federal FY 1998 allotment. Section 801 of the Medicare, Medicaid and State Children's Health Insurance Program (SCHIP) Benefits Improvement and Protection Act of 2000 (BIPA, Public Law 106-554) authorizes the redistribution and retention of unused 1998 and 1999 State Children's Health Insurance Program allotments that would otherwise revert. Iowa was allowed to retain \$4.0 million of the unspent 1998 balance.

Implementation Issues

The General Assembly may wish to consider the following issues:

- Buy-in options for low-income parents or families above 200.0% of the poverty level.
- Simplification of the application process, including electronic application accessibility.
- Review of the current administrative structure of both the *hawk-i* Board and Clinical Advisory Committee for possible efficiencies.
- Presumptive eligibility to provide immediate coverage for applicants until actual eligibility can be determined.
- Coverage for special needs children.



HOSPITAL TRUST FUND

On September 7, 2001, the Department of Human Services (DHS) issued a Request For Proposal (RFP) to develop a methodology to maximize reimbursement from the Centers for Medicare and Medicaid (CMS), formerly the Health Care Financing Administration (HCFA), to the upper payment limit for non-State, government owned or operated hospitals, as provided by federal regulations 42 CFR 447.272 and 447.321. The increased reimbursement between what Medicaid reimburses these hospitals and what Medicare would reimburse these hospitals would be a new revenue source to the State. On November 8, 2001, the Iowa General Assembly enacted legislation (HF 763, Hospital Trust Fund Act) to establish a Trust Fund within the DHS to receive these additional resources. The Act:



- Creates new Chapter 249I, Code of Iowa, entitled the Iowa Hospital Trust Fund.
- Specifies the goal of the Hospital Trust Fund is to provide a continuing source of funding to support the labor force, infrastructure, technology needs and other elements of the Iowa hospital system.
- Creates the Hospital Trust Fund in the State Treasury under the authority of the Department of Human Services and requires the Hospital Trust Fund be separate from the State General Fund.
- Requires that moneys deposited into the Trust Fund be appropriated to the DHS for purposes specified.
- Requires the DHS to adopt rules to administer the Trust Fund and to establish procedures for participation by public hospitals.
- Requires the Treasurer of State to provide quarterly reports of Trust Fund activities and balance to the DHS.
- Requires the DHS to amend the State Medical Assistance Plan necessary to implement the Act. Provides the DHS with authority to adopt emergency rules to implement this Act.

House File 763 creates a Trust Fund similar to the Senior Living Trust Fund. The Act allows the DHS to request and receive enhanced federal funds. Currently, Medicaid payments may not exceed 150.0% of a reasonable estimate of what Medicare would have paid for the same services. The State Medicaid Plan amendment, effective November 26, 2001, as approved by the Centers for Medicare and Medicaid Services (CMS) would allow reimbursement based on

Medicare rates, which are higher than Medicaid. Iowa would be the 36th state to utilize this funding mechanism.

Fiscal information developed by the Iowa Hospital Association and the DHS indicate that this change would provide approximately \$25.0 - \$29.0 million additional federal funds each year, based on current federal regulations. The Centers for Medicare and Medicaid Services (CMS) is proposing revisions to the current rules to limit states from increasing the reimbursement above 100.0% of the estimated Medicare payments. These revisions are currently out for public comment and no effective date is known at this time. According to the DHS, the amount of increased federal funding to Iowa based on these revisions would be approximately \$12.0 million. *The Governor is recommending that \$25.0 million from the Hospital Trust Fund be appropriated for the Medical Assistance Program to help meet projected growth in eligibles and utilization for FY 2003. The Fund was created during the Second Extraordinary Session on November 8. Following that, the DHS filed the request to the federal Centers for Medicare and Medicaid to allow the State of Iowa to participate in the federal upper payment limit process for hospitals (which would generate the revenues to be deposited into the Hospital Trust Fund), with a requested effective date of November 26. To date, the Centers for Medicare and Medicaid have not yet acted upon the request. Currently, there is no balance in the fund.*

SENIOR LIVING TRUST FUND

In April 2000, Iowa received federal approval to amend its Medicaid State Plan to retroactively implement a nursing facility reimbursement methodology. The amended methodology maximizes federal matching funds for nursing facility reimbursements effective October 1, 1999. The reimbursement methodology generates federal matching funds based on nursing facility Medicare rates, which are higher than Medicaid rates.



The State calculates its expenditure for nursing facility reimbursements as if all facilities are reimbursed at the Medicare rate, claiming federal funds based on this theoretical expenditure and maximizing federal matching funds. The State then reimburses government-owned nursing facilities using Medicare rates, and through an Intergovernmental Transfer Agreement, these facilities return all but the usual Medicaid rate to the State. The money returned by these facilities is deposited into the Senior Living Trust Fund, which was established by the 2000 General Assembly in SF 2193 (FY 2001 Senior Living Program Act) to receive these funds. Money appropriated from the Trust Fund is used to fund alternative long-term care services for seniors.



The following table illustrates the deposits into the Trust Fund for FY 2001 and projected deposit amounts for FY 2002 through the first quarter of FY 2004 as the result of Intergovernmental Transfers.

Fiscal Year	Federal Funding
2001	\$ 95,621,000
2002	112,972,000
2003	106,067,000
2004 (1 st quarter)	24,580,000
Total	\$ 339,240,000

It is estimated that the State's ability to generate federal matching funds based on the higher Medicare rates will end during FY 2004. The Centers for Medicare and Medicaid Services (CMS), formerly the Health Care Financing Administration (HCFA), released a notice of proposed rulemaking on October 10, 2000, that phased out states' abilities to collect federal funding in excess of actual nursing facility expenditures due to concern with states' perceived abuse of this facility reimbursement methodology. The final rule was published in the Federal Register on January 12, 2001, with an effective date of March 13, 2001. The rule provided Iowa with a two-year transition period (until September 30, 2002) during which time Iowa must amend its Medicaid State Plan to comply with revised nursing facility reimbursement requirements.

Senior Living Trust Fund Appropriations

The 2001 General Assembly appropriated a total of \$51.8 million from the Senior Living Trust Fund for FY 2002 to the Department of Elder Affairs and the Department of Human Services (DHS) for the following programs:

- \$5.3 million to the Department of Elder Affairs for home and community- based services, an elder abuse initiative, and recruitment and retention strategies for Certified Nursing Assistants (CNAs). The Department of Elder Affairs awards the majority of these funds through grants to the 13 Area Agencies on Aging to design, maintain, or expand home and community- based services for seniors age 60 and older. These services may include, but are not limited to, adult day care, personal care, respite, homemaker, chore, and transportation services that may delay the use of institutional care by seniors with low and moderate incomes. *The Governor is recommending FY 2003 funding of \$6.6 million for home and community-based services, assisted living service delivery, expansion of the elder abuse initiative, and maintenance of the CNA recruitment and retention initiative within the Department of Elder Affairs. This is an increase of \$1.2 million compared to estimated net FY 2002.*
- \$20.0 million to the DHS for nursing facility conversion grants. In July 2000, the DHS solicited applications to convert nursing facilities to affordable assisted living facilities and to develop other long-term care alternatives to nursing facility care. For FY 2001, 77 applications were received, and 26 grants were approved, totaling \$10.8 million. For FY 2002, 30 facilities expressed interest in applying for a grant, with an application deadline of October 26, 2001. The grants should be awarded by June 1, 2002. Funds not awarded as grants will revert to the Senior Living Trust Fund at the end of FY 2002. *The Governor is recommending FY 2003 funding of \$20.0 million for nursing facility conversion grants, which is no change compared to estimated net FY 2002.*
- \$1.7 million to the DHS to supplement the appropriation for Medical Assistance through the Home and Community-Based Waiver and the State Supplementary Assistance Program. *The Governor is recommending FY 2003 funding of \$1.7 million to supplement Medical Assistance, which is no change compared to estimated net FY 2002.*
- *The Governor is recommending new FY 2003 funding for the Medical Assistance Program in the DHS. This is an increase of \$10.0 million compared to estimated net FY 2002.*
- \$24.8 million to the DHS for nursing facility provider reimbursements or reimbursement methodology changes. *The Governor is recommending FY 2003 funding of \$24.8 million for nursing facility provider reimbursements, which is no*



change compared to estimated net FY 2002. A modified price-based case-mix reimbursement system will be phased in over the next two years. During the first year, providers received 100.0% of their former rate system. Beginning July 1, 2001, a portion of each facility's total Medicaid rate is based on a percentage of the current system rate plus a percentage of the modified price-based case-mix rate. **Table 1** illustrates how the phase-in rates are calculated.

Table 1
Modified Price-Based Case-Mix
Phase-In Rates

<u>Phase-In Period</u>	<u>70th Percentile System Rate</u>	<u>Modified Price-Based Case-Mix Rate</u>
July 1, 2000 - June 30, 2001	100.00%	0.00%
July 1, 2001 - June 30, 2002	66.67%	33.33%
July 1, 2002 - June 30, 2003	33.33%	66.67%
July 1, 2003 and thereafter	0.00%	100.00%

Table 2 provides the DHS estimate of Senior Living Trust Fund resources and expenditures for FY 2001 - FY 2005. The interest calculation assumes an interest rate of 4.0%. The figures in the columns for FY 2001 are the actual dollars appropriated and expended from the Trust Fund. The figures in the columns for FY 2002 represent the appropriation by the General Assembly and the Governor's recommendation. The column for FY 2003 represents the Governor's recommendation. The columns for FY 2004, and FY 2005 are estimates the DHS based on the Governor's recommendation and past appropriation history.

Table 2
Estimated Senior Living Trust Fund Resources & Expenditures
FY 2001 - FY 2005

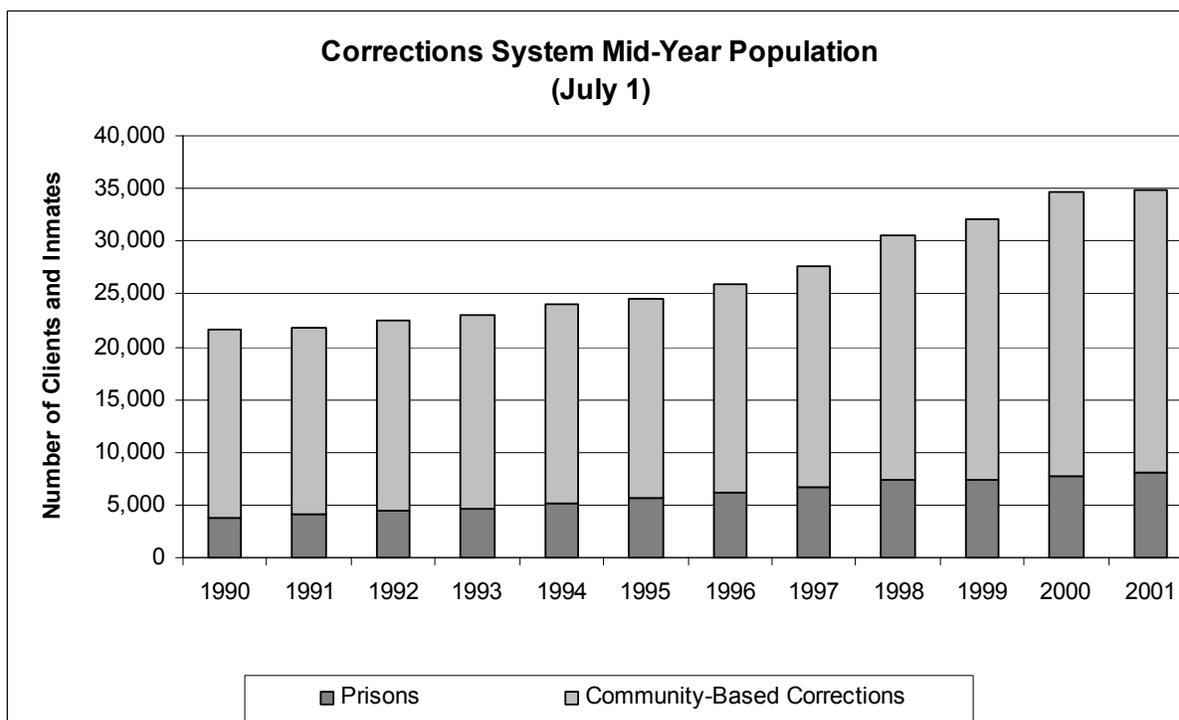
Fiscal Year	FY 2001	FY 2002	FY 2002	FY 2003	FY 2004	FY 2005
	Actual Exp.	Appropriated	Gov's Rec.	Gov's Rec.	Est	Est
Beginning of SFY Fund		\$60,891,949	\$60,891,949	\$121,213,933	\$169,698,303	\$135,381,855
Intergovt Transfer (9/1/01 Estimate)	\$95,621,331	\$112,972,000	\$112,972,000	\$106,067,000	\$24,580,000	\$2,000,000
Interest	\$3,807,946	\$4,172,735	\$4,172,735	\$5,454,742	\$4,662,679	\$3,297,165
Income Total	\$99,429,277	\$178,036,684	\$178,036,683	\$232,735,676	\$198,940,982	\$140,679,020
NF Conversion/LTC Service Grants	\$454,258	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$15,900,000
DHS Service Delivery						
Assisted Living Rent Sub	\$0	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
HCBS Elderly Waiver	\$0	\$710,000	\$710,000	\$710,000	\$734,140	\$759,101
NF Case Mix and Price Methodology	\$33,650,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000
Medical Assistance Increase			\$5,000,000	\$10,000,000	\$10,000,000	\$10,000,000
DHS Administration & Contracts	\$341,792	\$323,406	\$323,406	\$323,406	\$325,382	\$339,402
DEA Service Delivery	\$3,798,109	\$4,969,364	\$4,969,364	\$6,105,754	\$6,556,133	\$7,111,987
DEA Admin. And Contract Admin.	\$293,169	\$369,980	\$369,980	\$448,213	\$493,472	\$535,311
Expenditure Total	\$38,537,328	\$51,822,750	\$56,822,750	\$63,037,373	\$63,559,127	\$60,095,801
Ending Trust Fund Value	\$60,891,949	\$126,213,934	\$121,213,933	\$169,698,303	\$135,381,855	\$80,583,219

At the end of FY 2005, the DHS estimates the Trust Fund balance to be \$80.7 million. Assuming it is the goal of the General Assembly to maximize the potential for funding existing Senior Living Program services from the Trust Fund, it is critical not to spend down the ending balances for FY 2003 - 2005. If appropriations continue as projected and recommended, it estimated that the Trust Fund may be depleted prior to FY2007. There are concerns regarding ongoing financial support for current services under the Senior Living Program once the Trust Fund is exhausted. If the General Fund cannot provide funding for these services or another funding source is not identified, services may be reduced or no longer provided after the Trust Fund is depleted.

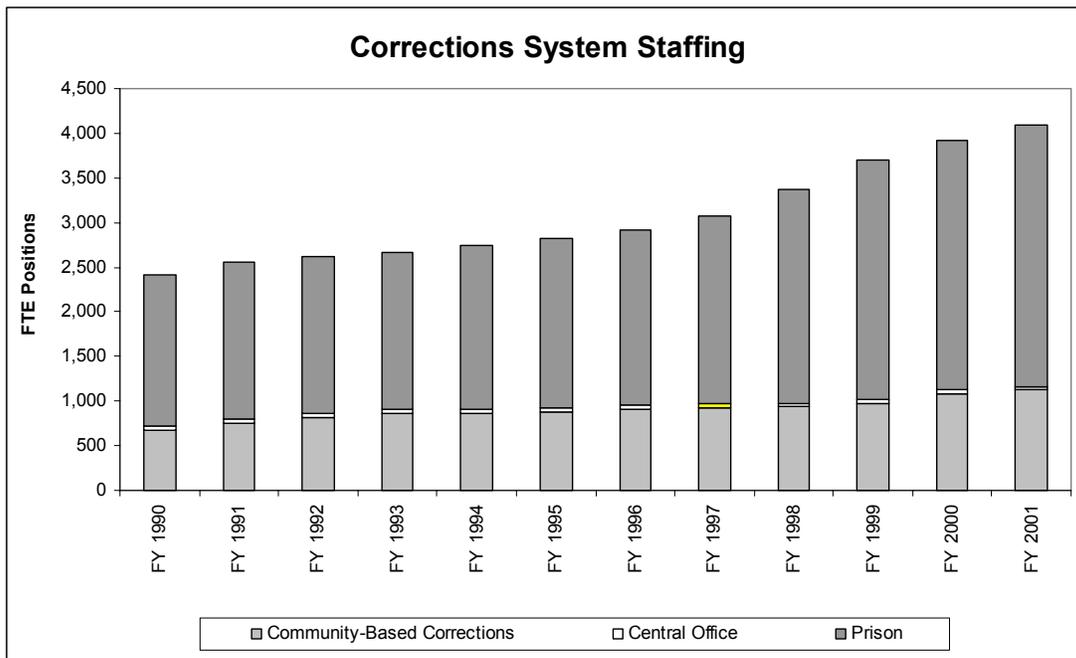
IOWA CORRECTIONS SYSTEM

Present Corrections System

The Iowa corrections system has four parts – administration, prisons, Community-Based Corrections, and Iowa Prison Industries. The Central Office is located in Des Moines and has responsibilities for administration, planning, policy development, program monitoring, and budgeting. Some staff that perform system-wide administrative functions (for example, the medical services director and staff) are located at one of the institutions or Community-Based Corrections (CBC) District Departments. One Regional Deputy Director and his staff are located in the Sixth CBC District Department. The prisons are responsible for incarcerating higher-risk individuals and providing the offenders with services essential to reducing risk to the general public upon release or parole. CBC provides supervision and transitional treatment for probationers, work release clients, Operating While Intoxicated (OWI) inmates, and parolees within a community setting. CBC provides both residential and street supervision. The chart shows the distribution of prison inmates and CBC clients between 1990 and 2001.



The next chart shows corrections system staffing between 1990 and 2001.

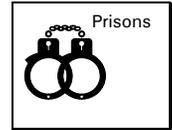


The CBC District Departments have responsibility for more than three-fourths of the offenders under correctional supervision. In 1990, CBC supervised 82.2% of the offenders, but by 2001, the percentage had declined to 76.7%. Between 1990 and 2001, the prison population increased from 3,842 to 8,116 inmates, an increase of 4,274 (111.2%) inmates. Over the same time period the CBC population grew from 17,716 to 26,670 clients, an increase of 8,954 (50.5%).

Historically, between two-thirds and three-fourths of the corrections system staff have been employed by the prison system. In FY 1990, the prisons employed 70.1% of the correctional system staff, and by FY 2001, the percentage had increased to 71.6%. In FY 1990, the prisons employed 1,693.4 FTE positions. By FY 2001, the number of prison employees had increased by 1,235.7 (72.9%) FTE positions. Over the same time period, CBC staffing had increased from 679.7 FTE positions to 1,120.2 FTE positions, an increase of 441.5 (64.9%) FTE positions. The Central Office had 42.1 FTE positions in FY 1990, and in FY 2001, it had 36.5 FTE positions, a decrease of 5.6 (13.4%) FTE positions.

Prison System

The Iowa corrections system operates a continuum of sanctions, ranging from probation with minimal supervision to incarceration. The prisons provide the most severe level of sanction, incarcerating those offenders who cannot be safely managed in community settings. In addition to security, prisons provide for housing; dietary services; medical, mental health and substance abuse treatment; education and job skills training; behavioral and psychological treatment; and recreational activities.



Facilities – The prison system has nine major prison facilities with a total of 6,772 general population beds and 511 medical and segregation beds. The following table describes the nine prisons and distribution of the general population beds.

**Iowa Prison System
(As of July 1, 2001)**

Prison	Current Capacity	Security Type	Population	No. Over Capacity	Emphasis
Ft. Madison	881	Max. 549	543	-6	General-Male
		Med. 152	168	16	
		Min. 180	179	-1	
Anamosa	984	Med. 913	1,276	363	General/Education-Male
		Min. 71	50	-21	
Mitchellville	443	Min. 443	505	62	General-Female
Newton	928	Min. 166	244	78	Pre-Release-Male
		Med. 762	858	96	General Male
Oakdale	504	Med. 504	861	357	Reception/Evaluation/ General/Psychiatric
Mt. Pleasant	875	Med. 875	977	102	Substance Abuse/ Sex Offender-Male
Ft. Dodge	1,162	Med 1,162	1,124	-38	General Male/Youthful Offender
Clarinda	750	Med. 750	907	157	Special Learning-Male
Rockwell City	245	Med. 245	424	179	General-Male
Total	<u>6,772</u>		<u>8,116</u>	<u>1,344</u>	



The Iowa State Penitentiary at Ft. Madison, Iowa's oldest prison, was constructed in 1839 and serves as the primary maximum-security facility. The Anamosa State Penitentiary was built before 1900. Since FY 1991, 3,727 prison beds have been

added to the system, an increase of 122.4%. Listed below are recent additions to the system:

Recent Prison Construction

Location	Type of Facility	Design Capacity	Opening Date
Clarinda	Men – general population, medium security, replaced 152-bed facility	750 beds	April 1996
Newton	Men – general population, medium security	750 beds	July 1997
Fort Dodge	Men – general population, medium security	750 beds	July 1998
		400 beds	February 2000
Mount Pleasant	Women – special needs	100 beds	April 1999
Mitchellville	Women – general population, medium security	184 beds	April 2000
		48 beds	November 2000
Fort Madison	Men – special needs	200 beds	August 2002
Oakdale	Men – special needs	170 beds	2004

The Governor is recommending the following items for the prison system:

- ❖ An increase of \$2.0 million to replace the FY 2001 supplemental appropriation at the Iowa State Penitentiary at Fort Madison. The FY 2002 budget was reduced by \$2.0 million, and a FY 2001 supplemental appropriation was provided with a non-reversion clause during the 2001 Legislative Session.

- ❖ A decrease of \$305,000 and 6.0 FTE positions for savings related to the Workforce Attrition Program at Fort Madison, Oakdale, Newton, Rockwell City, and Mitchellville.

- ❖ An increase of \$3.9 million and 71.0 FTE positions to staff the 200-bed Special Needs Unit at Fort Madison, pursuant to a federal court order. This recommendation begins staffing the facility in August 2002.

- ❖ A decrease of \$649,000 and 16.5 FTE positions to reflect staff savings associated with installing a perimeter security fence at three prisons: Fort Madison, Anamosa, and Mount Pleasant. This recommendation assumes the fences will be installed by January 2003 and reflects one-half year of operating budget savings. The Governor is recommending the \$3.5 million expenditure for the fences is funded with appropriations for capital projects.

❖ A transfer of \$730,000 from Fort Dodge to Anamosa and Rockwell City to reallocate funding based on the average inmate population at the three prisons.

❖ A decrease of \$86,000 at Fort Madison to reflect the reversion of \$86,000 to the General Fund due to the 4.3% across-the-board reduction on the balance brought forward (FY 2001 supplemental appropriation).

Projected Prison Population Growth – On November 13, 2001, there were 8,088 inmates in Iowa's prison system. This is 121 (1.5%) more inmates than one year ago. The correctional system has attempted to reduce probation revocations to prison and increase paroles granted. However, new court commitments continue to increase.

The Criminal and Juvenile Justice Planning Division (CJJP) of the Department of Human Rights has prepared a prison population forecast that adjusts for the recent departmental policy changes and projects prison population growth through FY 2011. If current offender behavior and justice system trends remain unchanged, the prison population will be 12,318 inmates by June 30, 2011, an increase of 52.1%. The growth is attributable to:

- More parole and probation revocations as more people are under correctional supervision.
- Increase in the length of stay in prison.
- Increase in new court-ordered commitments.
- Increase in drug offenders who have manufactured or trafficked in methamphetamine.
- Increase in the number of inmates who serve their entire maximum term (minus any earned time credits) in prison.
- Increase in the number of inmates who are required to serve at least 85.0% of their maximum sentence. The offenses include Second Degree Murder, First and Second Degree Robbery, Second Degree Sexual Abuse, and Second Degree Kidnapping. Effective July 1, 1998, Vehicular Homicide with Leaving the Scene of the Accident and Attempted Murder were added to the list of offenses. By June 2011, approximately 718 additional inmates will be in prison due to these laws. The laws will have a greater impact beyond 2011.

Addition of Five New Prisons – The forecast creates capacity issues.

According to the DOC, for every 1,000 increase in the inmate population, a new 750-bed prison will need to be constructed. This assumes each prison will operate at 130.0% of capacity. If the inmate population reaches 12,318, five new 750-bed prisons will need to be built at a construction cost of \$45.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million.



Community-Based Corrections

The CBC system is an alternative to incarcerating persons convicted of low-risk criminal offenses and work release offenders returning to Iowa communities. Chapter 901B, Code of Iowa, requires each CBC District Department to have a “continuum of sanctions”. The District Department’s ability to supervise higher risk offenders depends on responsible caseloads and an adequate amount of probation and parole officers to manage those cases.

The CBC residential capacity provides a structured setting for transitional offenders. The person, who is on probation or parole, resides in the community under the supervision of the CBC District Department and participates in treatment programs. In terms of the continuum of sanctions, the CBC District Departments’ level of supervision ranges from low-risk supervision, also called “banked caseloads,” for individuals who need the very least supervision, to the residential supervision where the clients live in a facility. Between those extremes fall intensive supervision (with and without electronic monitoring) and regular probation and parole. The level of supervision is matched, on a case-by-case basis, to the offender’s level of self-control and ability to conform to program and supervision requirements. As the client improves, he/she is moved to a less intense level of the supervision.

Pursuant to Section 905.7, Code of Iowa, the DOC provides assistance and support to each of the eight CBC District Departments. The DOC has regulatory responsibilities for CBC programs, including Statewide planning, budget oversight, establishment of program guidelines, and development of performance measures. The General Assembly appropriates funds to the DOC and allocates those funds to each CBC District Department.

The CBC District Departments are responsible for establishing those services necessary to provide a program that meets the needs of the judicial district. Each CBC District Department contracts annually with the DOC to provide pre- and post-institutional services. Each CBC District Department is under the direction of a board of directors and is administered by a director appointed by the board. Each CBC board sets policy, approves budget requests for submission to the Board of Corrections, and oversees program operations. In addition, each district has one or more citizen advisory boards.

The CBC District Departments offer a continuum of sanctions pursuant to Chapter 901B, Code of Iowa, including a number of programs intended to modify the client's behavior so he/she can live in the community as a law-abiding citizen. Some of the major programs are:

- Treatment Alternatives to Street Crime (TASC) Program
- Day Programming
- Drug Court
- Youthful Offender Program
- Domestic Abuse Batterer's Program
- Sex Offender Program, including a hormonal intervention therapy option
- Community Work Crew Program
- Violator Program
- Community Service Sentencing
- Pre-trial services
- Residential facilities

Residential Facilities – The CBC District Departments had 1,404 residential facility beds on July 1, 2001, with the opening of 36 additional beds at the Dubuque Residential Facility. The DOC and CBC District Directors agreed to reallocate facility space to accommodate 300 additional beds during FY 2000. These beds are used for probationers needing the highest level of community supervision, for inmates leaving prison on work release, and for OWI treatment programming. The District Departments reallocate beds among these programs as program demand changes. The following table shows the distribution of CBC residential beds.

There have been 388 CBC residential facility beds added to the system since FY 1991, an increase of 38.2%. The following projects have recently been completed or authorized to add residential beds:

- The Fifth CBC District Department opened Building 68, a 119-bed work release facility at Fort Des Moines, in March 1999. This facility replaced a rented, 40-bed facility. Building 70 was opened in May 1999 (80 residential beds). The District Department completed renovation of Building 65/66 in April 2000, which added 24 beds to its OWI capacity.
- The First CBC District Department added a 36-bed expansion to an existing facility. Construction was completed in July 2001.
- The Fourth CBC District Department is constructing a new 25-bed residential facility for women. The facility is scheduled to open in FY 2002.

Community-Based Corrections Bed Space Utilization
(As of July 1, 2001)

District	Facility	Probation	Work Release	OWI	Total Capacity
1	Waterloo Residential	59	8	7	74
1	Waterloo Work Release	18	35	23	76
1	Dubuque Residential	43	21	16	80
1	West Union Residential	21	16	11	48
2	Ft. Dodge Residential	14	10	10	34
2	Ames Residential	20	13	12	45
2	Marshalltown Residential	19	19	13	51
2	Mason City Residential	26	25	0	51
3	Sioux City Residential	21	18	18	57
3	Sheldon Residential	9	10	10	29
4	Council Bluffs Residential	39	12	10	61
5	Des Moines Residential/ Work Release	96	103	0	199
5	Des Moines Women's Facility	31	12	5	48
5	Des Moines OWI Facility	0	0	67	67
6	Cedar Rapids Residential	79	2	2	83
6	Cedar Rapids Work Release	0	50	40	90
6	Coralville Residential	14	21	20	55
7	Davenport Residential	64	0	0	64
7	Davenport Work Release	0	46	35	81
8	Burlington Residential	25	20	15	60
8	Ottumwa Residential	20	20	11	51
	Total	618	461	325	1,404

The Governor is recommending the following items for CBC:

❖ An increase of \$23,000 and 2.5 FTE positions to annualize operating costs for the new 25-bed Residential Treatment Facility for Women in the Fourth CBC District Department.

❖ An increase of 17.0 FTE positions at the Fifth CBC District Department to convert contracted positions at the Women's Residential Facility to District Department employees.

Community-Based Corrections Population Growth – The Criminal and Juvenile Justice Planning Division does not forecast the CBC populations. The following information was prepared using average annual percentage growth rates. The average annual growth rate for the CBC population since FY 1996 (six-year average) has been 5.9%, and since FY 1989, the growth rate has averaged 4.2%

(13-year average). Both of these averages are presented to provide a projection range.

With the 5.9% annual growth rate, the CBC population would be 47,582 in FY 2011. This is an increase of 20,912 (78.4%) clients. With the 4.2% annual growth rate, the CBC population would reach 41,961, which is an increase of 15,291 (57.3%), in FY 2011.

Funding to Maintain Current Level of Services – The above projection shows CBC population growth ranging from 57.3% to 78.4% by FY 2011. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC client population, then by FY 2011, the CBC District Departments would need a budget between \$93.9 million and \$95.6 million.

Iowa Prison Industries

Iowa Prison Industries oversees traditional Industries' programs, private sector employment, and the prison farms. Iowa Prison Industries is self-funded and operates without General Fund support. It must generate operating capital to remain in business and expand traditional programs. Iowa Prison Industries employs 300 inmates a month, on the average, in traditional programs. Inmates interview for these jobs, work 40 hours per week and are eligible for overtime and bonuses. There are three traditional Industries locations:

- Fort Madison produces all wood products and has a contract with the Department of Economic Development for tourism. The average allowance paid to inmates at this location is \$0.64 per hour.
- Anamosa manufactures all metal products, has limited printing capacity and custom woodworking, auto body program, Braille texts, and cleaning products. The average allowance paid to inmates at this location is \$0.60 per hour.
- Mitchellville manufactures office systems, chairs, printing, and CD-ROM. This location also has an agreement with the Department of General Services to manage the State's surplus property. The average allowance paid to inmates at this location is \$0.61 per hour.

Private sector employment of inmates is managed by Iowa Prison Industries in compliance with federal law. The Department of Workforce Development establishes the prevailing wage that inmates must be paid. Iowa Prison Industries is not currently seeking to expand this program. Space is limited and Iowa Prison Industries has no funding available to construct buildings. Private sector employment is available at the following locations: Clarinda, Fort Dodge, Mitchellville, Mount Pleasant, Newton, and Rockwell City.

On June 30, 2001, there were 16 companies that employed 204 inmates in private sector jobs. The inmates earned a total of \$2.5 million in FY 2001, distributed as follows:

- Deposit to the General Fund: \$856,000.
- Inmate savings accounts: \$503,000.
- Victim Compensation: \$126,000.
- Restitution: \$224,500.
- Family and child support: \$255,000.
- Taxes: \$548,000.

The State prison farms are managed by Iowa Prison Industries at the following locations: Anamosa, Eldora, Fort Madison, Glenwood, Newton, Clarinda, Independence, Mitchellville, Rockwell City, and Woodward. There are 3,587.8 acres with 1,714.2 crop acres (47.7%) in operation. The remaining 1,873.6 acres (52.2%) are leased. The prison farms are self-funded and operate without General Fund support. It must generate operating capital to remain in operation. The farms' financial statements are reported on a calendar year basis. Net profit for Calendar Year 2000 was \$211,000 with 76 inmates employed in farm operations. Iowa Prison Industries intends to double farm production, thereby employing more inmates, by FY 2003.

Summary

The corrections system can be expected to continue to grow over the next decade, both in prisons and Community-Based Corrections. This growth will require the construction of new prisons, increased need for expansion of Iowa Prison Industries, and an increase in CBC staffing and programming if current levels of services are to be maintained. Alternatively, the General Assembly may choose to review the following policy issues:

- Alternative sanctions for drug offenders.
- Continued expansion of work release capacity.
- Increased parole for misdemeanants and Class D felons whose crimes are not against persons.
- Reduced admissions to prison of parole and probation violators.
- Expanded use of community service sentencing and financial penalties as options within the CBC system.

GOVERNOR'S PROPOSED ADMINISTRATIVE AGENCY REORGANIZATION

As part of an effort to streamline State government, the Governor is proposing to reorganize a number of administrative departments and agencies into a single new administrative agency, the Department of Administrative Services. The proposed department would include the following entities:

- Iowa Communications Network
- Information Technology Department
- Department of General Services
- Department of Personnel
- Accounting functions of the Department of Revenue and Finance

The goal of the reorganization is to merge core services currently provided to all State agencies in a fragmented approach by each of the above entities. The resulting department would include human resources, training, purchasing, accounting, facilities, maintenance, vehicle fleet, mail, printing, and information technology.

The Governor is recommending a net appropriation of \$17.0 million from the General Fund. This is a net decrease of \$3.9 million (18.6%) compared to estimated net FY 2002. The table below presents the estimated net FY 2002 appropriation and FY 2003 Governor's recommendation from the General Fund for each of the individual entities and provides the amount of the change.

For specific information on the changes in the individual entities the Governor is recommending prior to their reorganization into a single new department, please see the Administration and Regulation Appropriations Subcommittee Summary.

If the General Assembly would decide to create a new, consolidated department, the other funding sources and revolving funds of the various entities would also need to be moved to the new department.

<u>Department Name</u>	<u>Estimated Net FY 2002</u>	<u>Gov. Rec. FY 2003</u>	<u>Gov. Rec. vs FY 2002</u>
Ia. Telecommunications & Technology Com.	\$ 2,138,254	\$ 1,034,330	\$ -1,103,924
Information Technology Department	3,342,694	3,342,694	-
Department of General Services	9,340,178	9,563,225	223,047
Department of Personnel	4,149,964	4,128,465	-21,499
Accounting - Dept. of Revenue Finance	1,899,751	1,899,751	-
Total	<u>\$ 20,870,841</u>	<u>\$ 19,968,465</u>	<u>\$ - 902,376</u>
Addition for Enterprise Planning Teams		116,000	116,000
Consolidation Savings		-3,100,000	-3,100,000
Total Governor's Recommendation	<u>\$ 20,870,841</u>	<u>\$ 16,984,465</u>	<u>\$ - 3,886,376</u>

IOWA SCHOOL FOUNDATION FORMULA

The Iowa School Foundation Formula was created between 1970 and 1972, for the school year beginning July 1, 1972. The Formula is a student-driven financing mechanism that works to equalize revenues from State sources and property taxes. The Formula was revised in 1989 to equalize per pupil spending, provide an enrollment cushion (phantom students), increase property tax relief, and provide for increased local discretion. In 1992, further revisions to the Formula included eliminating advanced funding for increasing enrollment, eliminating the enrollment decline cushion (phantom students), and requiring the Governor and General Assembly to establish the allowable growth rate each year for per pupil expenditures, which was previously established by a formula based on the rate of inflation and State revenue growth. The 1999 General Assembly further revised the School Foundation Formula by raising the foundation level for the special education component of regular program cost from 79.0% to 87.5%. In addition, funding for talented and gifted programs was shifted from 100.0% property tax to the regular program portion of the foundation formula by adding \$38 to the State cost per pupil beginning with FY 2000.

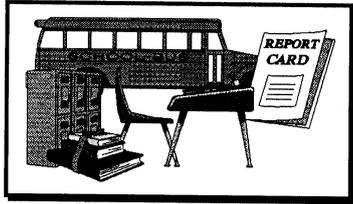


In 1995, the General Assembly established the practice of setting the allowable growth rate two years in advance within 30 days of the submission of the Governor's budget each year. Under current law, the General Assembly will be required to set the allowable growth rate in the 2002 Legislative Session for FY 2004. Table 1 displays the allowable growth rates since FY 1998. ❖ The Governor is recommending the FY 2003 allowable growth rate be lowered from 4.0% to 1.0% and the General Assembly appropriate \$1,784.1 million in State aid for allowable growth. If the calculation for State aid for allowable growth is higher than the appropriated amount, school districts will have the option to levy for the difference. Current estimates indicate that amount to be \$11.0 million.

Table 1
Allowable Growth Rates

Legislative Session	For Fiscal Year	Allowable Growth Rate
1996	1998	3.5%
1997	1999	3.5%
1998	2000	3.0%
1999	2001	4.0%
2000	2002	4.0%
2001	2003	4.0%

The School Foundation Formula is based on basic enrollment, a school district's regular program cost per pupil, State aid determined by a foundation level, and an amount generated by the uniform property tax levy. In addition, school districts



may obtain authority to raise additional property tax revenues from the School Budget Review Committee (SBRC) for drop-out prevention programs, to accommodate unusual increases or decreases in enrollment, to meet additional special education program needs, as well as for a variety of unusual circumstances

specified in Section 257.31, Code of Iowa. Other optional funding sources available to districts in the general education fund area include the cash reserve levy, management levy, and enrichment levy.

Local school districts have a number of optional funding sources available to them for non-general education fund activities. The levies are used for building construction, building maintenance, equipment purchases, and certain operational expenditures. These include: debt service levy, schoolhouse property tax levy, physical plant and equipment levy, and the educational and recreation levy.

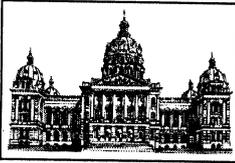
During the 2000 Legislative Session, HF 2496 (Supplemental Weighting for At-risk Students Act) was approved. This program provides an additional supplemental weighting for students and is based on enrollment and on the number of students in grades one through six that qualified for the free and reduced lunch program during the base year.

The Elimination of the Future Repeal of the School Finance Formula Act (SF 2252) was passed by the 2000 General Assembly. The Act repeals a provision that would have sunset the current school foundation aid formula on July 1, 2001. The Act also provides that the school foundation formula is subject to legislative review at least once every five years. The first report by the legislative interim committee is due January 1, 2005.



During the Second Extraordinary Session in November 2001, the General Assembly passed a 4.3% reduction to FY 2002 State aid for the foundation formula. State aid was reduced to school districts and area education agencies by \$77.5 million. The impact of this reduction to school districts is \$74.1 million; however, it does not reduce their spending authority. School districts could use cash reserves to cover the reduction, borrow money to repay at a future time, or implement the reduction and carry a larger unspent balance into the next fiscal year. The impact of the reduction to area education agencies was \$3.4 million in State aid and spending authority. The area education agencies also received a \$7.5 million reduction in State aid to the Special Education Support Program in HF 755 (FY 2002 Standing Appropriations Act) during the 2001 Legislative Session. However, the area education agencies

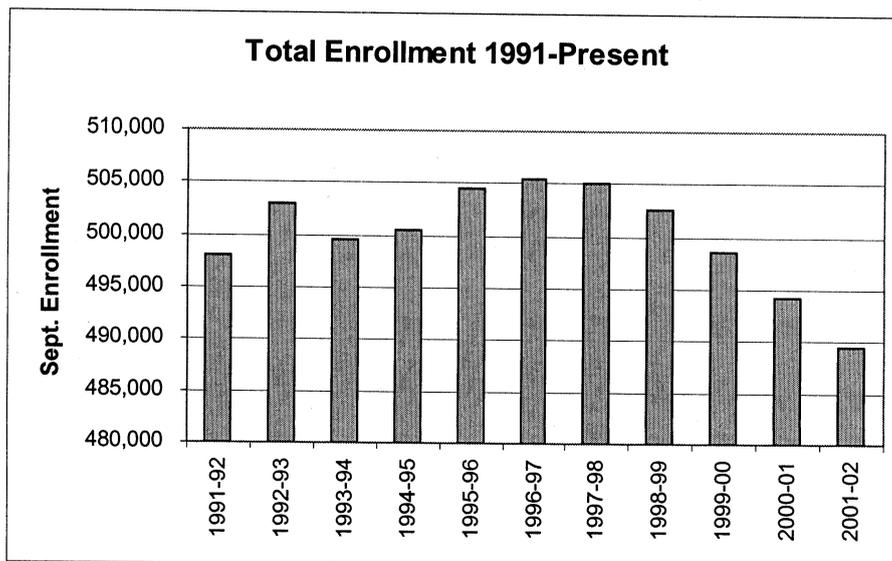
were given the ability to use funds from their other programs to fully fund the Special Education Support Program.



During the 2001 Legislative Session, SF 203 (School District Reorganization Incentives Act) was approved. This Act provides reorganization incentives that could begin in FY 2003 and include reducing property taxes and sharing enrollment weights for qualifying school districts. The Act also provides additional weights for school districts that host a regional academy. The Act makes permanent both a budget guarantee provision and an on-time funding provision to be funded through local property tax.

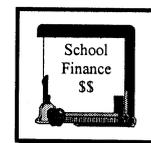
The FY 2003 enrollment decreased by 4,767.9 students (1.0%) compared to FY 2002. The decrease represents the fifth straight year of decline in enrollment, and this trend is expected to continue for the next several years. **Chart 1** shows the enrollment trend since 1991. Special Education weightings increased by 2.7%. Supplemental weighting for shared programs increased by 16.0%. Supplemental weighting for Limited English Proficiency increased by 9.4%. Supplemental weighting for At-Risk students is not expected to change. Taxable valuations are assumed to increase by 3.25%.

Chart 1



House File 191 (FY 2003 Allowable Growth Act) set the allowable growth at 4.0% for the 2002-2003 school year (Fiscal Year 2003). Under current law, State aid is estimated to increase by \$147.7 million (8.6%) for FY 2003 compared to the adjusted FY 2002 (**See Table 2**). Property taxes are estimated to increase by

\$34.7 million (36%) for FY 2003 compared to FY 2002. The total controlled budget is estimated to increase \$182.4 million (6.8%) for FY 2003 compared to FY 2002.



However, due to lower than expected State tax receipts, the FY 2003 allowable growth percentage is subject to change. ♦ The Governor is recommending lowering the FY 2003 allowable growth rate to 1.0%, continuing the \$7.5 million reduction to AEAs, and appropriating \$1,874.1 in State aid for allowable growth. If the calculated amount of State aid exceeds the appropriated amount, school districts will have the option of levying to replace any State aid forgone. Under the Governor's recommendation, State aid would increase by approximately \$59.0 million compared to the adjusted FY 2002 amount. **Table 2** displays the estimated increases for FY 2003 compared to FY 2002 at various growth rates as estimated by the Legislative Fiscal Bureau (LFB). Contact the LFB for further explanation of the assumptions and any additional detail.

Table 2
Estimated FY 2003 Changes Compared to FY 2002
at Various Allowable Growth Rates
(Dollars in Millions)

Est. FY 2003	Allowable Growth Percentage	State Aid		Property Tax		Total Budget		Budget Guarantee	
		Change	Percent Change	Change	Percent Change	Change	Percent Change	Est. FY 03 Budget Guarantee Amt.	Est. No. of School Dist. Receiving Budget Guarantee
Current Law	4.0%	\$ 147.7	8.6%	\$ 34.7	3.6%	\$ 182.4	6.8%	\$ 9.2	126
	3.0%	124.1	7.2%	34.9	3.6%	159.0	5.9%	12.9	155
	2.0%	101.6	5.9%	35.9	3.8%	137.5	5.1%	18.4	203
Governor's Recommendation**	1.0% **	59.0 **	3.5% **	42.1	4.4%	112.6 *	4.1%	27.8	245
	1.0%	78.0	4.5%	42.1	4.4%	120.1	4.5%	27.8	245
	0.0%	55.0	3.2%	51.5	5.4%	106.5	4.0%	40.9	286
	-1.0%	32.5	1.9%	63.6	6.6%	96.2	3.6%	57.1	319
	-2.0%	8.9	0.5%	80.6	8.4%	89.5	3.3%	76.8	340
	-3.0%	-13.5	-0.8%	97.4	10.2%	83.9	3.1%	97.4	355
	-4.0%	-36.6	-2.1%	115.7	12.1%	79.1	3.0%	118.8	362
To Match Oct. REC Growth (1.5%)	-1.3%	26.3	1.5%	67.8	7.1%	94.2	3.5%	62.1	326
For Status Quo State Aid Funding	-2.4%	-0.1	0.0%	87.1	9.1%	87.0	3.2%	85.4	346

Estimated FY 02 State aid after 4.3% reduction \$ 1,725,090,500
 Estimated FY 02 Total Foundation Property Tax 957,093,775
 Estimated FY 02 Total Budget \$ 2,682,184,275

*Comparisons are to the Adjusted FY 2002 State Aid amount.
 The \$7.5 million reduction to AEA's in FY 2002 is applied as a one-time reduction.
 Amounts are based on Sept. 2001 enrollments and Dec. 2001 Special Education counts.
 Property valuation changes are based on a state-wide average of 3.25%.
 At-Risk weights are assumed to remain unchanged from FY 2002.
 REC Growth is based on the December 2001 meeting.
 All estimates are subject to change.

For more detail on estimates and assumptions, contact the LFB.

**The Governor is recommending 1.0% allowable growth, a continuation of the \$7.5 million AEA reduction, and an appropriation of \$1,784.1 million for State aid. If the calculated amount of State aid under the allowable growth formula is greater than the appropriated amount, school districts will have an option to levy for the difference. The estimated Statewide amount of that levy is \$11.0 million.

❖ The Governor is recommending an allowable growth rate of 3.0% for FY 2004. This growth applied to his proposal for FY 2003 would result in an increase of State aid of approximately \$76.3 million (4.3%) compared to the Governor's FY 2003 State aid amount. The Governor also recommends extending the \$7.5 million reduction to the AEAs.

Table 3 displays the estimated increases for a FY 2004 allowable growth rate of 3.0% compared to FY 2003 at various growth rates as estimated by the LFB. Any changes made to the FY 2003 allowable growth totals during the 2002 Legislative Session could alter these estimates. Contact the LFB for further explanation of the assumptions and any additional detail.

Table 3
Estimated FY 2004 3.0% Allowable Growth Rate Changes
Compared to Estimated FY 2003
at Various Allowable Growth Rates
(Dollars in Millions)

<u>Est. FY 2004 at 3.0% Allowable Growth</u>	<u>FY 2003 Allowable Growth Rate</u>	<u>FY 2004 Allowable Growth Rate</u>	<u>FY 2004 State Aid Total</u>	<u>Change in State Aid</u>	<u>Percent Change</u>
FY 2003 Current Law	4.00%	3.00%	\$ 1,939.2	\$ 66.4	3.5%
	3.00%	3.00%	1,915.1	65.9	3.6%
	2.00%	3.00%	1,891.5	64.7	3.5%
	1.00%	3.00%	1,867.9	64.7	3.6%
Governor's Recommendation*	1.00%	3.00%	1,860.4	76.3 *	4.3%
	0.00%	3.00%	1,843.7	63.6	3.6%

*The Governor is recommending a 3.0% allowable growth rate for FY 2004. The Governor's recommendation includes a \$7.5 million AEA reduction in FY 2003 and FY 2004 and an appropriation of \$1,874.1 million in State aid for FY 2003 allowable growth. All other estimates do not include the AEA \$7.5 million reduction. Enrollment figures and weightings are based on state-wide assumptions. Property valuation changes are based on a state-wide average of 1.5%. All estimates are subject to change. For list of assumptions, contact the LFB.

EDUCATION ISSUES

❖ Children First Endowment

The Governor is recommending the establishment of the Children First Endowment, funded by the State's General Fund ending balance after the reserve funds are filled. Interest revenue from the Endowment would be used for early childhood education initiatives.

❖ Cultural Trust

The Governor is recommending a FY 2003 General Fund appropriation of \$1.0 million to the Department of Cultural Affairs to establish the Cultural Trust. Interest revenue from the Trust would be distributed in the form of grants to local cultural organizations. In addition, the Governor is recommending a 3.9% decrease to each of the Department's existing five budget units, for a total increase of \$771,000 (13.0%) compared to estimated net FY 2002.

❖ Higher Education Tax Credit

The Governor is proposing enactment of a Higher Education Tax Credit to encourage Iowa college graduates to remain in Iowa after graduation. Under the proposal, students that graduate from an accredited Iowa college or university with a Bachelor's degree after January 1, 2003, would be eligible for a \$600 tax credit each year for a period of 10 years as long as they stay and work in Iowa during that time. Students that graduate from an accredited Iowa community colleges with an associate degree would be eligible for a \$200 tax credit each year for a period of 10 years as long as they stay and work in Iowa during that time.

❖ College Work-Study Pilot Program

The Iowa College Work-Study Program is funded by a \$2.8 million standing appropriation. However, this appropriation was nullified for FY 2002. The Governor is recommending that the standing appropriation be nullified again for FY 2003, but that partial funding of \$300,000 be provided for a pilot project. During this time, the College Student Aid Commission and colleges and universities within Iowa could work together to design innovative new ways to use work-study funds such as public-private work-study partnerships aligned with Iowa's economic needs. State funds for work-study do not serve as a match for federal work-study funds. Iowa colleges and universities are scheduled to receive approximately \$11.0 million in federal work-study funds during FY 2002.

Teacher Pay/Quality Initiative

During the 2001 Legislative Session, the General Assembly passed SF 476 (Student Achievement and Teacher Quality Program Act) and HF 413 (Student Achievement and Teacher Quality Appropriations Act).

House File 413 appropriated \$40.0 million in FY 2002 from the Healthy Iowans Tobacco Trust to the Department of Education for the Student Achievement and Teacher Quality Program. The appropriation was to implement the following programs in SF 476:



- Up to \$1.0 million to the Department of Education to create a Team-Based Variable Pay Pilot Program. The per pupil amount shall not exceed \$100.
- Up to \$1.9 million to the Department of Education for National Board Certification awards.
- Up to \$2.4 million to the Department of Education for the Beginning Teacher Mentoring and Induction Program. If sufficient funds are available, each district shall receive \$1,300 per beginning teacher, and \$500 per semester shall be awarded to the mentor.
- Up to \$1.5 million to the Department of Education for the establishment of an Evaluator Training Program and for Department administrative costs.
- Up to \$1.5 million to the Department of Education for implementing the Career Development Program and for Department administrative costs.
- Up to \$500,000 to the Board of Educational Examiners for fees and costs related to the Praxis II examination.
- Up to \$31.2 million to school districts (50.0% based on enrollments and 50.0% based on the number of full-time equivalent teachers) and area education agencies in FY 2002. The funds are to be used to enhance teacher salaries, subject to minimum salaries specified in the Act and to collective bargaining negotiations.
- The Department of Education has received responses from school districts regarding participation in the Student Achievement and Teacher Quality Program Act (SF 476). School districts had four options during the current school year:
 - Option 1 – Mentoring and Induction Program. School districts without first-year beginning teachers did not need to participate this fiscal year. There are 353 school districts that will implement this program during this school year.



- Option 2 – Career Paths Program. Participation in Option 1 is a prerequisite for participation in this option. There are 345 school districts that will implement this Program during this school year.
- Option 3 – Team-Based Variable Pay Pilot Program. There were 15 districts that applied for participation in this Program. After the applications were reviewed, 18 buildings in 10 school districts (including one entire school district), representing approximately 7,100 students, were approved for participation in this Program.
- Option 4 – No participation in any of the above options. There were 18 school districts that chose not to participate in Option 1 and 26 school districts that chose not to participate in Option 2. All school districts must participate in Option 2 by the start of FY 2003. School districts that have chosen not to participate this school year, will have their funds for the Career Paths Program preserved for FY 2003.
- For a list of school districts that are participating, please contact the Legislative Fiscal Bureau.

For FY 2003, the Governor is recommending a General Fund appropriation of \$40.0 million to continue development of the Student Achievement and Teacher Quality Program. The Department had requested \$60.0 million for FY 2003.

Tuition Increases for Higher Education

- **Board of Regents** – The Board of Regents approved an increase of 18.5% in tuition at the November 2001 Board meeting. This will result in an undergraduate tuition rate of \$3,692 for FY 2003 (Fall 2002) at each of the three Regents universities. This is an increase of \$576 compared to the current rate of \$3,116. Tuition increases for the last five years are illustrated in **Table 1**.

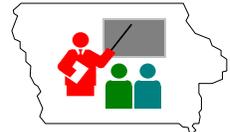


Table I
Regents Tuition Rates FY 1999 through FY 2003

Academic Year	Residency	University of Iowa	Percent Increase	Iowa State University	Percent Increase	University of Northern Iowa	Percent Increase
1998-1999	Resident	2,666	3.90%	2,666	3.90%	2,666	3.90%
	Non-Resident	9,788	3.88%	8,944	3.90%	7,221	3.90%
1999-2000	Resident	2,786	4.50%	2,786	4.50%	2,786	4.50%
	Non-Resident	10,228	4.50%	9,346	4.49%	7,546	4.50%
2000-2001	Resident	2,906	4.31%	2,906	4.31%	2,906	4.31%
	Non-Resident	10,668	4.30%	9,748	4.30%	7,870	4.29%
2001-2002	Resident	3,116	7.23%	3,116	7.23%	3,116	7.23%
	Non-Resident	11,544	8.21%	10,450	7.20%	8,438	7.22%
2002-2003	Resident	3,692	18.49%	3,692	18.49%	3,692	18.49%
	Non-Resident	13,334	15.51%	12,384	18.51%	10,000	18.51%

- The increase in tuition for FY 2003 is expected to result in the following increased revenue:
 - \$23.0 million at the University of Iowa
 - \$20.8 million at Iowa State University
 - \$7.5 million at the University of Northern Iowa

The Governor is recommending continued support for Tuition Replacement, but that \$9.2 million of the \$26.0 million cost for FY 2003 be transferred to the Restricted Capital Trust Fund of the Tobacco Settlement Trust Fund. Tuition Replacement is an appropriation that funds the debt service on academic revenue bonds that have been approved for building construction on the Regents campuses with the purpose of maintaining lower tuition rates at Iowa's Regents institutions. A portion of the FY 2002 cost, \$600,000, was funded with tobacco securitization proceeds.

- **Community Colleges** – All 15 community colleges in Iowa raised resident tuition rates for the first semester of the 2001-2002 school year (FY 2002). Five have announced an additional tuition increase for second semester. The average increase in resident rates is 16.4%. Tuition rates for FY 2002 are illustrated in **Table 2**.



Table 2
FY 2002 Community College Tuition Rates
as of November 16, 2001

College	FY 2001	FY 2002	% Increase	FY 2001	FY 2002	%Increase
	Resident	Resident		Non-Resident	Non-Resident	
Northeast Iowa	\$70.00	\$90.00	28.57%	\$98.00	90.00	-8.16%
North Iowa Area	64.65	74.75	15.62%	96.90	110.00	13.52%
Iowa Lakes	63.00	73.00	15.87%	65.00	75.00	15.38%
Northwest Iowa	61.00	71.00	16.39%	91.50	99.00	8.20%
Iowa Central	61.00	69.00	13.11%	91.50	103.50	13.11%
Iowa Valley	67.00	95.50	42.54%	130.00	96.50	-25.77%
Hawkeye	70.00	76.00	8.57%	140.00	152.00	8.57%
Eastern Iowa	65.00	72.00	10.77%	97.50	108.00	10.77%
Kirkwood	65.00	73.00	12.31%	130.00	146.00	12.31%
Des Moines Area	61.00	70.00	14.75%	122.00	140.00	14.75%
Western Iowa Tech	63.00	74.00	17.46%	126.00	133.00	5.56%
Iowa Western	70.00	80.00	14.29%	105.00	120.00	14.29%
Southwestern	62.00	67.00	8.06%	93.00	100.50	8.06%
Indian Hills	62.00	69.00	11.29%	93.00	104.00	11.83%
Southeastern	66.00	76.00	15.15%	89.75	89.75	0.00%
Averages	\$64.71	\$75.35	16.44%	\$104.61	\$111.15	6.25%

In addition, non-resident rates have increased an average of 10.4% at 13 of the colleges. Northeast Iowa reduced the non-resident rate by \$20.00 to match the resident rate. Iowa Valley recently reduced the non-resident rate by \$33.50, making it \$1.00 higher than the resident rate. The average change in non-resident tuition rates for all 15 colleges is an increase of 6.3%.

Five colleges have reciprocal agreements with institutions in other states that nullify the established non-resident rates. They are: Northeast Iowa, Iowa Lakes, Eastern Iowa, Western Iowa Tech, and Southeastern.

The Chronicle of Higher Education cites an average tuition rate increase nationwide at two-year public institutions for FY 2002 of 5.8%. Prior to FY 2002, Iowa ranked above the national average in community college tuition rates.

The Governor is recommending a FY 2003 General Fund appropriation to community colleges of \$142.6 million, an increase of \$4.0 million compared to estimated net FY 2002. He is also recommending that the colleges' levy authority be increased to generate an estimated \$4.8 million in additional revenues.

Summary of Interim and Other Education Studies

During the 2001 Interim, several groups met to study education issues, including:

- **Area Education Agency (AEA) Reorganization** – Senate File 535 (FY 2002 Education Appropriations Act) required the Department to study and make recommendations for the alignment of AEA boundaries in the event of voluntary AEA merger or restructuring to best ensure the equitable, effective, and efficient delivery of core AEA services to students and schools. The Act required the Department to forward recommendations and reorganization plans to the AEA boards. The Department's recommendations are:

1. Some AEA's be reconfigured through voluntary consolidation. The Department suggests:
 - AEA's 2, 3, 4, 5, 6, 7, 14, 15, and 16 should merge with other AEA's in whole or in part. The Department concluded that carefully planned mergers, providing for continuation of services and programs that require close proximity to customers, could produce substantial cost savings without detracting from customer satisfaction.
 - If those AEA's do not undertake voluntary consolidation by 2005, legislation should be established to provide the State Board of Education with the authority to establish the number and boundaries of AEA's through a State plan that is reviewed periodically.
 - Mergers shall take into consideration current community college boundaries and campus locations and the location of other regional units of State government and should, to the extent possible, provide for increased collaboration and integration of pre-K through 12 programs and services.
2. AEA's make the internal changes necessary to provide services consistent with accreditation standards and the needs of schools and school districts. The Department's suggestions include the involvement of local school administrators, both public and nonpublic, human service providers, and postsecondary institutions in standing advisory councils for each AEA. Another suggestion is that 5.0% of each agency's foundation budget be committed to professional development for AEA staff. The Department also supports AEA's in continuing to seek reimbursement of costs from schools for requested discretionary programs and services.



3. The Department immediately undertake a study to generate legislative recommendations regarding equitable funding across the AEAs. The Department suggests:
 - Funding should be changed to provide support for both educational and media services in a single funding mechanism determined through an equitable formula. The funding formula to support special education should remain separate but be adjusted to provide equity across the system.
 - A collaborative cost-benefit council should be established to assist the AEAs in developing and implementing practices to enhance the cost-benefit of services, including a system-wide data collection process.

4. The Department, in cooperation with AEAs, actively pursue coordination of those State needs that will benefit from a cohesive Statewide approach. The Department suggests:
 - The recommendations of the Department of Education and AEA System Design Committee be seriously considered as a basis for a coordinated Statewide system of educational support to local schools and school districts. The System Design Committee recommendations include:
 - Greater involvement of the Director of Education in the recruitment, selection, and evaluation of AEA chief administrators.
 - Expansion of the System Design Committee to serve as a standing oversight committee for Statewide initiatives and coordination.
 - The AEAs and the Department jointly employ a person, housed at the Department, to coordinate the services of Centers for Excellence, provide direction to the Statewide system, and maintain consistent support to schools in need of improvement.
 - The AEA system should study which programs and services do not require close proximity to customers; i.e., printing, virtual libraries and other resources shared via technology, operations and management, media delivery, expanded and shared data management systems, human resource support, professional development, and low-incidence special education support services. If it is determined that regionalization or even a Statewide single point of contact for such services is possible, appropriate action shall be pursued vigorously through 28E agreements between agencies.

The Governor's FY 2003 budget recommendations include restructuring and reorganizing the AEAs. He endorses the concepts of Centers for Excellence, a cost-benefit council, and changing methods of service delivery. His recommendations include no additional funding for this effort.

- **Community College Faculty Licensure** – During the 2001 Legislative Session, the General Assembly passed SF 480 (Community College Faculty Licensing Act), which required the Department of Education to establish a task force to conduct a study of licensing of community college faculty by the Board of Educational Examiners. A written report of findings and recommendations is due to the House and Senate Education Committees by December 1, 2001.



On October 26, 2001, the Community College Licensure Task Force issued an executive summary and recommendations, including:

- Eliminate licensure of community college faculty by the Board of Educational Examiners, with language preserving their status as practitioners under Chapter 279, Code of Iowa, and preserving their rights under Chapter 20, Code of Iowa.
- Require community colleges to develop plans for hiring and developing quality staff, ensuring compliance with accreditation, articulation, and transfer standards. The Task Force recommendations include a detailed description of the plans, which must be submitted to the Department of Education by June 30, 2003. Licensure would cease and implementation of the plans would begin July 1, 2003.
- Monitor the plans through the community college accreditation process, modifying the accreditation rules as needed. During the first three years of implementation, the Department of Education would review plans and conduct site visits to assure compliance and progress. Results of the site visits would be included in the accreditation process. Following the third year, the review cycle would be consistent with the accreditation cycle.
- **Alternative Routes to Teacher Licensure** – During the 2001 interim, the Board of Educational Examiners conducted two daylong roundtable discussions with a variety of Statewide stakeholders regarding this issue. In December, the Board considered a draft conceptual framework prepared by staff. Draft administrative rules were submitted to the Board at its January meeting, at which time the Board approved giving the public notice of its intention to adopt the rules.



The proposed rules establish a teacher intern license, restricted to grades 9-12, and outline requirements for progressing to an initial license and, finally, a standard license. To obtain a teacher intern license, applicants must complete an introductory teacher intern program approved by the State Board of Education, as well as meeting other requirements. To qualify for an initial license, the teacher intern must complete a one-year internship with a school district, a four-semester-hour intern seminar during that year, and a concluding teacher intern program the following summer. The one-year internship will count toward the two years of teaching required to move from the initial license to the standard license.

The Board has received indications that five higher education institutions in the State would be interested in developing and offering alternative teacher education programs. There is concern, however, that budget reductions at those institutions may limit the availability of such programs. The State Board of Education intends to adopt administrative rules regarding program approval in March 2002.

REORGANIZATION OF THE DEPARTMENT OF NATURAL RESOURCES

The Governor's budget recommendation includes a discussion of the reorganization of the Department of Natural Resources (DNR) that was announced on December 7, 2001. The reorganization plan includes the following:

- A reduction in the number of Divisions within the Department from seven to three and the number of Bureaus from 21 to 16 to allow better coordination of similar activities and eliminate duplication of functions.
- A relocation of 130 positions from the Des Moines office to field locations, with the majority of these positions in environmental areas to provide better customer service.
- A relocation of environmental legal enforcement activities from the Environmental Protection Division to the Director's Office. The Director's Office will become involved in legal actions earlier and will provide greater oversight of these activities. As a result, it is anticipated that the Department will be able to provide faster response time in regard to legal actions.
- A reduction in the number of supervisors at State Parks. The savings from the reduction will be used to increase security.

Proposed Reorganization of Divisions

The following is a breakdown of the Department's reorganization:

Director's Office

- Deputy Director
- Office of General Counsel and Legal Services
- Policy and Planning Coordination

Environmental Services Division

- Water Quality
- Air Quality
- Geological Survey and Land Quality
- Field Services and Compliance
- Energy and Waste Management



Living Resources and Recreation Division

- Parks
- Forests

- Wildlife
- Fisheries
- Law Enforcement

Management Services Division

- Acquisition and Construction
- Administrative Services
- Budget and Finance
- Information Technology
- Volunteer Program



Action Needed by the 2002 General Assembly

Legislation will need to be enacted to approve the Department's planned reorganization, which includes assigning workers with varied duties and responsibilities. Upon the enactment, these changes will become effective July 1, 2002.

ENVIRONMENTAL ISSUES

❖ The Governor's budget recommendations regarding the environment are to:

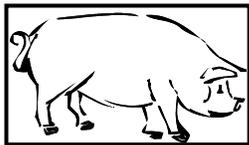
❖ Enhance Resource Management and Provide Efficient Services

- Reorganize the staff in the Department of Natural Resources.
- Reduce the number of bureaus from 21 to 16.
- Transfer employees that respond to hazardous waste spills to the Emergency Management Division.
- Transfer the Abandoned Wells Program to the Department of Public Health. The Program is funded from the Groundwater Protection Fund.
- This reorganization will create a \$500,000 General Fund savings in the Department of Natural Resources. The savings will be from fewer operating bureaus and a reduction of employees.
- Continue to develop a destination park located in the area of Rathbun Lake and Honey Creek State Park. Funding of \$1.0 million will be available from the Restricted Capital Fund.
- Enhance Iowa's Hunter Education Program to promote safety and responsibility. Funding of \$125,000 is from the Fish and Wildlife Trust Fund.



❖ Encourage Iowans to Serve as Stewards of the State's Natural and Cultural Resources

- Create an Environmental Management System to assist business owners to comply with environmental laws.
- Streamline the regulation of livestock waste by modifying the Manure Management Plan system. This includes submission of the Manure Management Plans in an electronic file that can be processed by a computer-based system.
- Allow local officials to control the siting of large livestock confinement facilities.
- Provide shared responsibility between livestock owners and livestock producers for environmental impacts of large livestock confinement operations.



- Increase funding to the Resource Enhancement and Protection (REAP) Fund from \$10.0 million to \$11.5 million. Funding is from the Environment First Fund.

❖Protect and Improve Iowa’s Water Resources



- Increase funding for water quality monitoring stations from \$2.5 million to \$3.0 million. Funding is from the Environment First Fund.
- Increase funding for the Keepers of the Land Volunteer Program from \$70,000 to \$100,000. Funding is from the Environment First Fund.
- Expand the use of the Iowa Clean Water State Revolving Loan Fund to provide low-interest loans for non-point source projects such as Brownfields cleanup and wetlands restoration.
- Increase funding for the Iowa Lake Dredging Program from \$500,000 to \$1.3 million to expand the number of lakes included in the Program. Funding is from the Environment First Fund.

❖Ensure Reliable and Efficient Use of Iowa Energy

- Increase energy efficiency and conservation in Iowa.
- Increase energy diversification by establishing goals to increase renewable energy sources.
- Increase electric generation at investor-owned utilities and municipal utilities.
- Improve existing transmission and increase transmission to meet the needs for Iowa and surrounding states.
- Establish an energy structure that will coordinate the energy activities within the State.

The following table details the Governor’s recommendations for the Department of Natural Resources.

Program	Funding Source	Governor's Recommendation	Purpose
Reorganization of the Department of Natural Resources	General Fund	\$ -500,000	Combine bureaus and transfer programs to other Departments
Destination Park		\$ 1,000,000	Destination Park Development and Construction
Hunter Safety Program	Fish and Game Protection Fund	\$ 125,000	Enhance Hunter Safety Program
REAP	Environment First Fund	\$ 11,500,000	Increase of \$1.5 million
Lake Dredging Program	Environment First Fund	\$ 1,245,000	Increase of \$1.3 million
Keepers of the Land	Environment First Fund	\$ 100,000	Increase of \$30,000

INFRASTRUCTURE, DEFERRED MAINTENANCE, MAJOR MAINTENANCE, AND NEW CONSTRUCTION

Governor's Recommended Changes to Infrastructure Funding

❖ The Governor is recommending several changes to the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2003. The changes include:

- Transferring \$20.0 million from the Cash Reserve Fund and Economic Emergency Fund interest to the General Fund.
- Transferring \$46.6 million in FY 2003 appropriations enacted in prior legislative sessions to the tax-exempt bond proceeds of the Restricted Capital Fund. These appropriations include:
 - Capitol Interior Renovation: \$2.7 million
 - Court Avenue Bridge Construction: \$650,000
 - Estherville National Guard Armory: \$400,000
 - Regents Construction Projects: \$30.3 million
 - Community Attraction & Tourism Program: \$12.5 million

The following table shows the Governor's recommended changes for the RIIF for FY 2003. A list of the FY 2003 recommendations by State agency is included in the Transportation, Infrastructure, and Capitals Appropriations Subcommittee section of this document.

Rebuild Iowa Infrastructure Fund

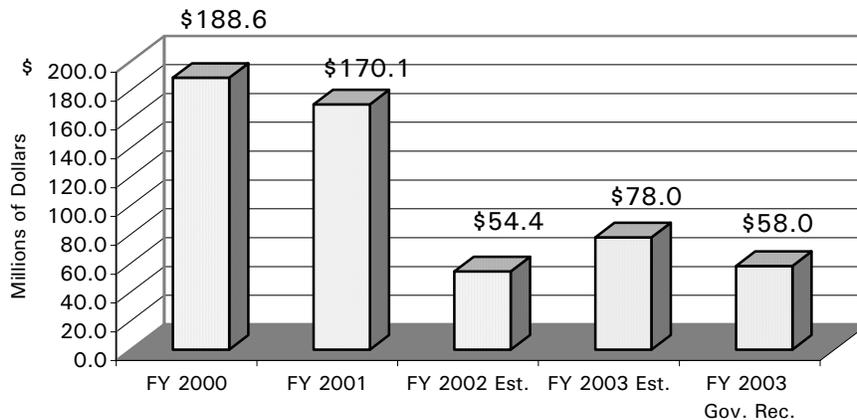
Dollars in Millions

	Actual FY 2000	Actual FY 2001	Estimated FY 2002	Current Law Estimated FY 2003	Governor's Recomm. FY 2003
Resources					
Balance Forward	\$ 30.4	\$ 20.3	\$ 10.3	\$ 1.0	\$ 1.0
Revenue					
Gambling Receipts	123.9	111.4	41.3	52.6	52.6
Interest Earnings	32.1	35.5	2.5	22.0	2.0
Marine Fuel Tax	2.2	2.2	2.3	2.3	2.3
Accrued Revenue		0.3	-3.3		
Adjustments		0.4			
Total Revenue	<u>158.2</u>	<u>149.8</u>	<u>42.8</u>	<u>76.9</u>	<u>56.9</u>
Environment First Reversions			1.3	0.1	0.1
Total Resources	<u>\$ 188.6</u>	<u>\$ 170.1</u>	<u>\$ 54.4</u>	<u>\$ 78.0</u>	<u>\$ 58.0</u>
Appropriations	\$ 170.3	\$ 165.2	\$ 53.7	\$ 83.6	\$ 83.6
Transfer to Restricted Cap. Fund					-46.6
New Recommendations					20.4
Net Appropriations	<u>\$ 170.3</u>	<u>\$ 165.2</u>	<u>\$ 53.7</u>	<u>\$ 83.6</u>	<u>\$ 57.4</u>
Deappropriations	-1.5	-5.2	-0.2		
Reversions	-0.4	-0.2			
Ending Balance	<u>\$ 20.2</u>	<u>\$ 10.3</u>	<u>\$ 1.0</u>	<u>\$ -5.6</u>	<u>\$ 0.6</u>

The sum of the numbers may not equal totals due to rounding.

The following chart shows total actual and estimated revenues deposited into the RIIF from FY 2000 to FY 2003 including the FY 2003 Governor's recommendation. The Governor is recommending \$58.0 million be deposited into the RIIF in FY 2003, which is \$20.0 million less than the current estimate. This is due to the Governor's recommendation to transfer \$20.0 million in Reserve Fund interest to the General Fund.

Rebuild Iowa Infrastructure Fund Revenues



Tax-Exempt Bond Proceeds Restricted Capital Fund

❖ As part of the tobacco securitization process, the State issued \$540.0 million in tax-exempt bonds that are required to be used for funding infrastructure projects. The law also allows attorney litigation fees from the tobacco settlement to be funded from bond proceeds. The Restricted Capital Fund is discussed in greater detail in the Tobacco Securitization section of this document. The Governor is recommending a total of \$144.9 million in FY 2003 appropriations from the Restricted Capital Fund. The following list summarizes the recommendations. A list of the FY 2003 recommendations by State agency is included in the Transportation, Infrastructure, and Capitals Appropriations Subcommittee section of this document.

- Attorney Litigation Payments: \$14.9 million
- Debt Service on existing Bonds: \$27.2 million
- Environmental Appropriations: \$2.0 million
- Infrastructure Appropriations: \$100.8 million

Current Infrastructure Funding and Background on State Facilities

The State of Iowa owns 50.5 million square feet of gross building space. The following table shows the square footage of building space owned by State agencies. The Department of General Services coordinates the maintenance and construction for all State agencies except for the Board of Regents and the Departments of Transportation, Public Defense, and Natural Resources.

<u>State Agency</u>	<u>Gross Sq. Ft. of State-Owned Buildings</u>	<u>Percent of Total</u>
General Services	10,891,628	21.6%
Board of Regents	31,400,000	62.2%
Transportation	3,534,698	7.0%
Natural Resources	1,923,600	3.8%
Blind	100,000	0.2%
Public Defense	2,622,058	5.2%
Total	50,471,984	100.0%

In FY 2000, the Department of General Services completed a comprehensive inventory of state-owned infrastructure that includes a detailed assessment of the structural and internal needs of State facilities. The assessment identifies major maintenance and improvement needs of State facilities under the purview of the Department of General Services. According to the assessment, there is in excess of \$480.0 million of facility improvement needs at State facilities.

For FY 2002, the General Assembly appropriated \$11.5 million for major maintenance improvements and \$2.0 million for routine maintenance of State facilities under the purview of the Department of General Services. The Governor's Vertical Infrastructure Advisory Committee prioritizes the major maintenance projects and allocates the funds to the various projects. The projects are then submitted to the Governor for approval. The routine maintenance appropriation is allocated to the State agencies based on the total square footage of building space under the control of each agency.

In Iowa, infrastructure construction and improvements are funded through either direct appropriations or through the issuance of debt.

Rebuild Iowa Infrastructure Fund

Funding for the Rebuild Iowa Infrastructure Fund (RIIF) underwent several changes in FY 2001 compared to prior years. Prior to FY 2001, the RIIF received revenue from the following sources:



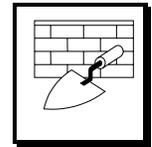
- State Wagering Tax Allocations in excess of \$60.0 million. The first \$60.0 million is deposited into the General Fund.

- Interest earnings from the Cash Reserve and Economic Emergency Funds, and the interest earned by the RIIF itself.
- Marine Fuel Tax receipts equal to .09% of the total Motor Fuel Tax.

In FY 2001, the General Assembly enacted the Vision Iowa and School Infrastructure Programs, and dedicated a total of \$20.0 million from the State Wagering Tax allocation for a period of 20 years. The \$20.0 million is allocated to these Programs after the first \$60.0 million is deposited into the General Fund. In FY 2001, the RIIF received the remainder of the State Wagering taxes after the first \$80.0 million was dedicated elsewhere.

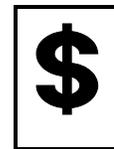
The General Assembly created the Environment First Fund in FY 2001 and established a \$35.0 million standing appropriation to the Fund from the RIIF. All interest earnings on the Environment First Fund are credited back to the RIIF. In FY 2001, the total interest revenue was \$1.1 million. In addition, all Environment First Fund reversions are also credited to the RIIF.

In FY 2002, the General Assembly funded the majority of infrastructure projects from the tax-exempt bond proceeds of the Restricted Capital Fund. The General Assembly directed an additional \$80.0 million in State Wagering Tax allocation to the Endowment for Healthy Iowans. The net effect is a significant reduction in the amount of funding available to the RIIF.



Debt Financing of Infrastructure

The State of Iowa has issued debt to finance new construction and major infrastructure improvements. While the State is constitutionally prohibited from issuing debt against the General Fund tax revenues, the State is allowed to issue debt through revenue bonds and Certificates of Participation (COP). Revenue bonds are backed by independent revenue sources that are separate from the State's general tax revenues. Certificates of Participation are different from bonds in that the title of ownership of the capital purchase is transferred upon final payment of the debt (similar to a lease purchase arrangement). The following table shows the annual debt service payments for a five-year period.



Revenue Bonds and Certificates of Participation Debt Service
(Dollars in Millions)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Board of Regents					
Academic Revenue Bonds	\$ 30.1	\$ 29.8	\$ 29.7	\$ 29.6	\$ 29.5
Other Revenue Bonds	28.7	31.2	32.8	35.5	36.4
Total Regents	<u>58.8</u>	<u>61.0</u>	<u>62.5</u>	<u>65.1</u>	<u>65.9</u>
Prison Construction Bonds	8.4	8.4	8.4	8.4	8.4
Community Based Corrections - COP	0.8	0.8	0.8	0.8	0.8
Corrections Phase I and II - COP	3.1	3.1	0.8	0.0	0.0
Iowa Communications Network - COP	13.5	13.5	13.5	13.4	14.0
Total	<u>\$ 84.6</u>	<u>\$ 86.8</u>	<u>\$ 86.0</u>	<u>\$ 87.7</u>	<u>\$ 89.1</u>

The sum of the numbers may not equal totals due to rounding.

The Regent's bonds are divided into Academic Revenue Bonds and Other Revenue Bonds. Academic Revenue Bonds are used primarily for construction, reconstruction, and renovation of facilities and are repaid from student tuition revenues. The Board must receive authorization from the General Assembly in order to issue Academic Revenue Bonds. In turn, the General Assembly annually appropriates funds to the Board of Regents for the replacement of student tuition revenues that were pledged for bond repayment.

The Regents universities also have the authority to issue revenue bonds (separate from Academic Revenue Bonds) which are backed by a specific revenue source such as dormitory bonds, hospital bonds, and utility bonds.

The State has issued revenue bonds through the Iowa Finance Authority for prison construction. The General Assembly has earmarked the first \$9.5 million in court fines for the Prison Infrastructure Fund to be used for bond payments. The State

has constructed three medium security prisons and made two additions to Community-Based Correctional facilities since 1994.

The State has also issued Certificates of Participation for several infrastructure-related purposes:

- For construction and improvements of Community-Based Correctional facilities.
- For the construction of additional correctional beds.
- To finance construction of Parts I and II of the Iowa Communications Network.

The General Assembly annually appropriates funds to pay the debt service for these projects.

LEGISLATIVE FISCAL COMMITTEE MAJOR ISSUES

The Legislative Fiscal Committee is a committee of the Legislative Council. Statute specifies that the ten-member committee gather information to aid the General Assembly in properly appropriating money for the functions of government. Other statutory responsibilities include directing the administration of performance audits and visitations, studying the operation of State government, and making recommendations regarding government reorganization to the General Assembly (Section 2.46, Code of Iowa). The Committee also conducts studies and prepares **Issue Reviews** as assigned by the Legislative Council.

During the 2001 Legislative Interim, the Fiscal Committee met seven times, including a joint meeting with the Legislative Oversight Committee in June. Dennis Prouty, Director of the Legislative Fiscal Bureau, provided regular revenue updates, and the Committee also received notices of appropriations transfers and lease purchases. The following FY 2001 General Fund appropriations transfers were discussed:



Dollars Transferred	Department/Division Transferred To	Amount	Department/Division Transferred From
\$ 175,000	Revenue & Finance, Compliance Division	\$ 200,000	Dept. of Revenue & Finance – Resource Management Division
25,000	Revenue & Finance, Management Division		
50,000	Dept. of Corrections, Fort Madison	50,000	Dept. of Corrections, CBC – Fifth Judicial District
25,000	Public Employment Relations Board	25,000	Dept. of Economic Development
9,700	Revenue & Finance, Cigarette Stamp Printing	9,700	Dept. of Revenue & Finance – Internal Resource Management
20,000	Governor’s Office, General Office	22,800	Governor’s Office, State-Federal Relations
2,800	Governor’s Office, National Governor’s Assoc. Dues		

Dollars Transferred	Department/Division Transferred To	Amount	Department/Division Transferred From
2,793,300	Dept. of Human Services, Medical Assistance (original request was for \$4.0 million from the General Fund and \$15.0 million from the Nursing Facility Conversion appropriation in the Senior Living Trust Fund).	2,793,300	Dept. of Human Services, Field Operations, General Administration, FIP, Child Support Recovery
341,071	Department of Natural Resources, Parks Division and Environmental Protection Division (original request was for \$386,071 and \$150,000 respectively).	150,000	Department of Natural Resources: Administrative Division
		30,000	Forestry Division
		75,000	Energy & Geological Resources Division
		86,071	Dept. of Education, General Administration
31,000	Dept. of General Services, Utilities	31,000	Dept. of General Services, Operations
475,000	Inspections & Appeals, Indigent Defense	475,000	Dept. of Corrections, Fort Dodge Institution
13,900	Public Employment Relations Board	3,200	Dept. of Economic Development, Business Development
		7,500	Tourism Operations
		3,200	International Trade
75,000	Dept. of Human Services		Dept. of Human Services:
		30,000	Eldora State Training School
		10,000	Toledo Juvenile Home
		35,000	MI/MR/DD State Cases
FY 2002 Transfers:			
\$ 500,000	Dept. of General Services: Lucas Building Restoration	\$ 921,000	Dept. of General Services, Executive Hills and Capitol Annex Demolition
334,000	Capitol Building Rest.		
87,000	Major Renovation of State Building		
80,000	Dept. of Natural Resources, Parks Division	80,000	Dept. of Natural Resources, Environmental Division

Dollars Transferred	Department/Division Transferred To	Amount	Department/Division Transferred From
114,260	Dept. of Personnel, Customer Services & Benefits Management	114,260	Dept. of Personnel, Administration & Program Operations
7,465	Dept. of Public Health: Environmental Hazards	22,919	Dept. of Public Health: Community Capacity
17,822	Injuries	46,032	Resource Management
43,664	Public Protection		
25,000	Dept. of General Services, Operations	25,000	Dept. of General Services, Property Management
1,014,304	Allocation Change from Indigent Defense Fund	1,014,304	State Public Defender

- The following lease-purchase acquisitions were discussed:

Lease-Purchase Dollars	Department	Explanation
\$ 325,500	Dept. of General Services	Lighting and other electrical upgrades to the Historical Building and the Grimes Building.
592,000	Dept. of Human Services	Purchase a freezer addition to the Central Distribution Center at the Woodward Resource Center.
269,508	Iowa State University	Two lease purchase agreements for laptop computers in the College of Design.
238,600	Information Technology Dept.	Purchase of routing and switching equipment for the computer network on the Capitol Complex.

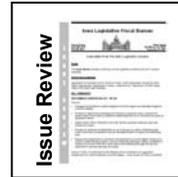
The Committee also heard periodic updates on the bonding activities of the Tobacco Settlement Authority, the Vision Iowa Program, and the Community Attraction Program (CAT). Phil Buchan, Director of the State/Federal Office in Washington, D.C., provided an update on federal budget action at the October meeting and the December meeting.

The following **Issue Reviews** were presented to the Committee throughout the Interim. More information on any of these topics or copies of the **Issue Reviews**

are available from the Legislative Fiscal Bureau. A complete listing of all ***Issue Reviews*** completed during the interim and memos written for the Fiscal Committee is contained in Appendix D.

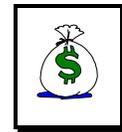
Issue Reviews Presented

- Senior Living Trust Fund
- Community College Funding
- Budget Guarantee
- Iowa Braille and Sight Saving School
- Iowa's Tobacco Settlement
- Crime Bills from the 2001 Legislative Session
- Overview: Iowa Judicial Branch
- School Foundation Aid – FY 2002 Budget Reduction & FY 2003 Budget Alternatives
- Iowa Veterans Home



Other Major Agenda Items

- FY 2001 Ending Balance – Discussion of the ending balance and the use of reserve funds, early retirement, and the Medicaid shortfall.
- Review of the Accountable Government Legislation and the proposed Enterprise Resources Planning (ERP) system – Met jointly with the Legislative Oversight Committee to discuss these topics.
- FY 2002 Spending Reduction Plans and Layoff Plans – Discussion of the Governor's original plan to reduce the FY 2002 spending plans, and later in the interim, discussion included the impact of the 4.3% across-the-board reduction that was effective on November 1.
- Fire Marshal – Presentation on how often State facilities are examined.
- Labor Commissioner – Discussion of OSHA inspections in relation to State facilities.
- Senior Living Trust Fund – ***Issue Review*** and discussion of the Fund.
- Pending litigation against the State under the Fair Labor Standards Act – Discussion about the pending lawsuit filed by employees of the following departments: Public Safety, Transportation, Corrections, and Natural Resources for back pay.
- Destination State Park – Discussion of the status of the Destination State Park.



- Site visit to the University of Northern Iowa including tour of Lang Hall, Physics Building, East Gym, and the Gallagher-Bluedorn Performing Arts Center.
- Community Colleges – Discussion concerning enrollments, tuition increases, and funding issues.
- Board of Regents – Historical funding review, discussion of tuition rate increases, enrollment, budget reductions/revised spending plans, fire and environmental safety, deferred maintenance, budget ceiling adjustments, and the ISU Extension Office.
- FY 2003 built-in increases – Discussion of the initial estimate of the FY 2003 built-in increases.
- Human Services – Discussion of Medical Assistance expenditures and Medicaid drug rebates.
- Education – Various issues, including teacher compensation, federal funds received by program, supplanting state funds with federal funds, K-12 funding, and budget guarantee.
- Criminal Justice Population Trends – Review of the criminal justice population trends for the last 10 years, including caseload data in the Court System, the CBC system, and the prison system. Also discussed the Iowa Prison Population Forecast for FY 2002-2011 and General Fund expenditures for the last 10 years.
- Judicial Branch – Discussion of caseload comparison of the eight judicial districts within the Court System; comparison of salaries and duties of District Judges, District Associate Judges, and Magistrate; potential impact of re-drawing the boundaries of the eight judicial districts.
- Department of Public Safety – Discussion of the details of the FY 2002 Budget Reductions, an explanation of “national obligation,” and discussion about federal funds.
- Department of Corrections – Discussion of the details of the FY 2002 Budget Reductions, county confinement, capital projects and federal funds, and sources and uses of federal funds.
- Telemedicine System – Discussion of the system used for prison inmates and for indigent patients at the University Hospitals.
- State Indebtedness – Report on the amount of debt outstanding.



- Report of the Iowa Veteran's Home to the Fiscal Committee – Report on funding and budgeting required by HF 726 (Health and Human Rights Appropriations Act).
- School Foundation Aid – **Issue Review** and discussion of FY 2003 budget alternatives.
- FY 2003 Salary Act – Update on FY 2003 Costs.
- Department of Education – Discussion of federal education legislation and the impact on Iowa.
- FY 2003 Budget Issues – Discussion and unanimous approval of a resolution requesting that the Revenue Estimating Council meet on or before March 7, 2002, to review the FY 2002 and FY 2003 revenue forecasts. The Committee also requests that the General Assembly adopt a concurrent resolution to similarly request the Revenue Estimating Council to meet on or before March 7, 2002.

Materials distributed to the Committee related to these topics are maintained at the LFB office and are available upon request. The agenda, minutes, and handouts for each meeting can be found on the LFB web site at:

<http://staffweb.legis.state.ia.us/lfb/committee/fiscalcomm/fiscalco.htm>.

LEGISLATIVE OVERSIGHT COMMITTEE MAJOR ISSUES

During the 1997 Legislative Session, the General Assembly passed HF 730 (Oversight and Communications Appropriations Act) requesting that the Legislative Council establish the Legislative Oversight Committee. Section 12 of the Act specifies the following powers and duties of the Committee:

- The purpose of the Legislative Oversight Committee is to review and analyze the structure and operations of State government and the use of information technology in providing services and enhancing the ability of the public to interact with government.
- The Legislative Oversight Committee may, subject to the approval of the Legislative Council, conduct a review of one or more programs or regulations administered or enforced by State government.

The Legislative Council established the Committee during the 1997 Interim.

At the end of the 2001 Legislative Session, the Committee surveyed members of the House and Senate to assist in identifying topics that would be of interest to the members. The Committee generated a total of 33 issue areas for possible review, and narrowed the list for this Interim to those identified below.

During the 2001 Interim, the Committee met eight times. During the Interim, the Committee reviewed the following major areas:

Recommendations to the Legislative Council

At the final meeting on December 12, 2001, the Committee discussed and prioritized the various issues that had been before them during the 2001 Interim. As requested by the Legislative Council, the Committee developed a list of top priority issues that are being recommended for further action during the 2002 Legislative Session. The Council had asked the Committee for the top three priorities; however, there was a tie in rankings for third place, and the following four issues will be submitted.

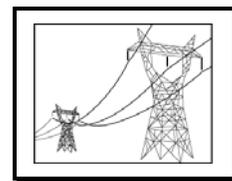
The Committee unanimously adopted a motion to notify the Legislative Council that the following four issues were being presented to the Legislative Council in priority order based on the Committee's review during the 2001 Interim, and recommend that the Council encourage the appropriate legislative committees to review and take action on these issues during the 2002 Legislative Session.

1. The Committee reviewed Iowa's State Energy Policy and policies of other States, transmission and generation issues, findings of the Energy Policy Task Force, and other energy sources. The Committee found that policy leadership in the energy area is fragmented and recommends that clarification be given to the agencies, related to their role in determining Iowa's energy policy.
2. The Committee reviewed the Accountable Government Legislation and proposed the Enterprise Resource Planning System. Recognizing that revenues may at this time be too limited to fully implement the Accountable Government Act, the Committee feels that the General Assembly needs to move ahead in this arena where possible, to provide greater accountability to the public.
3. The Committee reviewed the National Conference of State Legislatures (NCSL) proposal to study Iowa legislative processes and agencies. With the reorganization going on in Executive and Judicial Branches of State Government, the Committee feels the General Assembly should review its own processes, procedures, and agencies.
4. The Committee reviewed the operations, programs, services, and funding sources of the Iowa Department for the Blind and the Braille and Sight Saving School. Specifically, the Committee feels the costs associated with the resident population at the School may be too high. Alternatives for educating the students in their own communities need to be explored.

Major Issues Reviewed

- Review of the Accountable Government Legislation.
 - Elements of the legislation.
 - Implementation plan.
 - Organizational review process.
 - Detail of the budgeting aspects.
- Review of the proposed Enterprise Resource Planning (ERP) system.
 - Elements of Enterprise Resource Planning and links to implementing the Accountable Government Act.
 - Status update on the issuance of a Request For Proposals (RFP) for the system.
 - Discussion of costs and financing.

- Detail of the budget system portion of the Enterprise Resource Planning system.
 - Scope of the new system.
 - Benefits of new system.
 - Performance budgeting component.
 - Timelines and costs.
- National Council of State Legislatures (NCSL) presentation on a proposal to study the legislative staff agencies and legislative process in Iowa to determine if any changes are warranted.
- Review of a number of issues related to protecting Iowa children.
 - Child abuse reporting and intake process.
 - Child support collection process.
 - Visitation/custody mediation/child support.
 - Child day care facilities.
 - Psychiatric medical institutions for children client participation
- Update on the impacts on energy production and availability in Iowa of House File 577 (Utility Siting Act).
- Review of Iowa's state energy policy and comparison with other states.
 - Transmission and generation issues.
 - Efforts of the Energy Policy Task Force.
 - Other energy sources.
 - Efforts of the three Regents energy centers.
- Review of the progress of the Iowa Prescription Cooperative.
- Issues relating to individuals who are blind or visually impaired.
 - Relationship between the Iowa Braille and Sight Saving School and the Board of Regents.
 - Services provided by the Iowa Braille and Sight Saving School.
 - Review of operations, programs, services, and funding sources of the Iowa Department for the Blind.



- Review of Iowa's nursing shortage and efforts to address it.
- Federal support for the Iowa National Guard in developing the Iowa Technology Center and CIVIC facilities.
- Usage of the ICN by the Iowa National Guard and National Department of Defense and its use as part of the defense communication network.
- Update on the work of the Governor's Steering Committee on Services Contracting and a discussion of the following efforts.
 - Development of contract bidding, monitoring, and management guidelines.
 - Development of a training program for contract managers.
 - Proposed changes to the FTE cap policy.
 - Development of a decision guide to assist state agencies with contracting decisions.
 - Development of an annual contract reporting system.
 - Addressing services contracting in the Accountable Government Act (HF 687).
 - Exploration of "Temporary Contract Worker" status.
 - Establishment of a services contracting "Best Practices" data base.
 - Establishment of a services contracting connection to the Enterprise Resource Planning initiative.
 - Revision of accounting system object codes and classes to improve reporting of contractual expenses.
- Discussion of design-to-build contracting.
- Discussion of various aspects of emergency preparedness in Iowa.
 - Role of the Emergency Management Division.
 - Role of the National Guard both in Iowa and participation in the national defense.
 - Capitol Complex security with a focus on the Capitol Building.
 - Role of the Department of Public Safety.
 - Security at the six State laboratories.



- Dependent adult and elder abuse and potential remedies.
- Review of the operations and costs associated with the Iowa Veterans Home.
- Review of the operations and costs of the Information Technology Department, including rates charged to other departments for services and the effectiveness of the statewide contract for computer purchasing.
- Review of Prison Industries (IPI) Code of Iowa authority to expect to be the exclusive vendor to State agencies for products they manufacture.
- Private sector office business perspective on exclusive purchase from Prison Industries by State agencies.
- Review of the Department of Workforce Development related to:
 - Discontinuation of a janitorial services contract.
 - Progress of the Department in the implementation of new technology to better serve Iowans.



Materials distributed to the Committee related to these topics are maintained at the Legislative Fiscal Bureau (LFB) office and are available upon request. Additionally the agenda, minutes, and handouts for each meeting can be found on the LFB web site at <http://staffweb.legis.state.ia.us/lfb/subcom/oversight/oversight.htm>.

ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

A **built-in increase or decrease** is a standing appropriation as required by the Code of Iowa, an entitlement program, or a prior appropriation for a future fiscal year which increases or decreases compared to the prior year. Built-in increases or decreases may be changed by enacted legislation. An **anticipated increase or decrease** is based on prior obligation or action and needs legislative action. A **built-in change in revenue** is not included, since the FY 2002 changes are included in the Revenue Estimating Conference's December estimate.

For FY 2003, the Legislative Fiscal Bureau (LFB) is projecting a total of \$529.1 million in built-in and anticipated increases and decreases. The FY 2003 projection includes \$299.8 million in General Fund built-in increases and decreases and \$229.3 million in anticipated increases and decreases. The following tables summarize the projected built-in and anticipated changes.



The Governor is recommending a total of \$180.2 million in General Fund built-in and anticipated increases and decreases for FY 2003, which is \$348.9 million less than the LFB estimate that is based on current law. The recommendations include: \$70.9 million for built-in changes and \$109.3 million for anticipated budget changes.

Projected FY 2003 Incremental Built-in Expenditures

(Dollars in Millions)

	Current Law Estimates	Gov's Recomm.	Difference
K-12 School Foundation Aid	\$ 147.7	\$ 59.0	\$ -88.7
M&E Property Tax Replacement Fund	5.5	5.5	0.0
Homestead Tax Credit	0.4	0.4	0.0
Elderly and Disabled Tax Credit	0.8	0.8	0.0
Human Services – Medical Assistance	106.7	-9.2	-115.9
Human Services – State Supplementary Assistance	0.9	0.8	-0.1
Human Services – State Children's Health Insurance Program	9.0	5.7	-3.3
Mental Health Growth Factor	5.9	5.5	-0.4
Human Services – State Cases	1.9	1.9	0.0
Education – Technology/School Improvement	20.0	0.0	-20.0
Education – Nonpublic School Transportation	0.5	0.5	0.0
School to Careers Program	0.5	0.0	-0.5
Total Built-in Increases and Decreases	\$ 299.8	\$ 70.9	\$ -228.9

Projected FY 2003 Incremental Anticipated Expenditures*

(Dollars in Millions)

	<u>Current Law Estimates</u>	<u>Gov's Recomm.</u>	<u>Difference</u>
Collective Bargaining Salary Packages	\$ 72.9	\$ 63.9	\$ -9.0
Teacher Compensation	120.0	40.0	-80.0
Corrections – New Beds and Start-up Costs	5.9	5.9	0.0
Inspections and Appeals – Indigent Defense	5.4	0.5	-4.9
Judicial Branch – Retirement Fund Contribution	0.7	0.7	0.0
Judicial Branch – New Building Costs	2.6	0.8	-1.8
Department of Personnel – Admin. & Program Operations Unit	0.1	0.1	0.0
Education – Iowa Empowerment Fund	1.1	0.0	-1.1
Education – College Student Aid Work Study Program	2.8	0.3	-2.5
Public Health – Substance Abuse Treatment Facility	2.5	1.1	-1.4
Healthy Iowans Tobacco Trust – Maintain Supp. Funding	1.9	0.0	-1.9
DHS – Maintain TANF Programs	12.0	0.0	-12.0
DHS – State Resource Centers Increased Revenue	-3.1	-3.1	0.0
DHS – Maintain Reimbursement Rate/70.0% USDA	1.4	0.0	-1.4
DHS – Children/Families Caseload Increase/Adjustment	1.0	0.0	-1.0
DHS – Increased Individuals/Services Eligible for Federal Aid	1.0	0.0	-1.0
DHS – Medical Contracts Inflationary Costs	0.8	0.0	-0.8
DHS – Sexual Predators Civil Comm. and Treatment	0.5	-0.4	-0.9
DHS – Replace of One-Time Carry Forward Funds	0.4	0.0	-0.4
DHS – General Administration Savings	-0.6	-0.5	0.1
Total Anticipated Increases and Decreases	<u>\$ 229.3</u>	<u>\$ 109.3</u>	<u>\$ -120.0</u>
Total Projected Expenditures	<u><u>\$ 529.1</u></u>	<u><u>\$ 180.2</u></u>	<u><u>\$ -348.9</u></u>

* The anticipated increases and decreases do not include full restoration of the FY 2002, 4.3% across-the-board reduction.

Appendix B describes the General Fund built-in and anticipated expenditure increases and decreases in detail by providing:

1. Type of appropriation.
 - A. Standing unlimited appropriation
 - B. Standing limited appropriation
 - C. Regular appropriation
2. Description of the program or budget unit.
3. Factors associated with the increases or decreases.
4. Dollar amount of the increase under current law as projected by the LFB.
5. Governor's recommended dollar amount of the increase or decrease.
6. Description of the Governor's recommended changes from current law.
7. The dollar difference between the Governor's recommendation and the current law estimate.

OVERVIEW OF FY 2003 BUDGETS AND SUBCOMMITTEE ISSUES

The Overview of the FY 2003 Budgets and Subcommittee Issues Section presents a summary analysis of the FY 2003 Governor's recommendations compared to estimated net FY 2002 appropriations and identifies possible issues to be discussed by individual appropriations subcommittees. The amounts recommended for unassigned standings are not included in the totals for the appropriations subcommittees, but the issues may be discussed under the **Significant General Fund Changes Recommended and Issues Sections**.

It is important to note that:

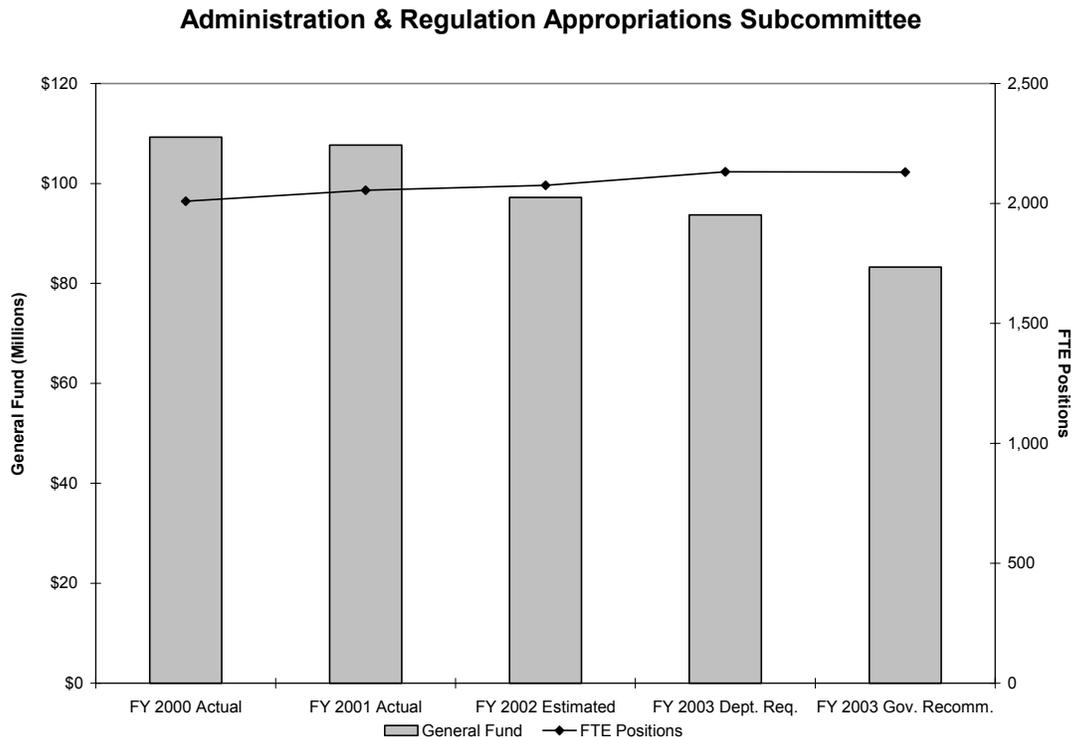
- Estimated net FY 2002 includes the 4.3% across-the-board reduction, as well as action taken in the First and Second Extraordinary Sessions.
- Application of the 4.3% across-the board reduction lowers the estimated net FY 2002 base budget. As a result, restoration of the across-the-board reduction in FY 2003 calculates to a 4.5% increase.

ADMINISTRATION AND REGULATION APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

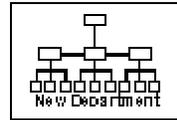
The Governor is recommending \$83.2 million from the General Fund and 1,573.9 FTE positions for 10 departments of the Administration and Regulation Appropriations Subcommittee. This is an increase of \$1.7 million (2.1%) and 271.3 (14.7%) FTE positions compared to estimated net FY 2002. This includes 10.1 unappropriated FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, other funds or receipts. More information on the FTE positions is available from the LFB upon request. This does not include \$55.6 million for the FY 2003 Salary Adjustment Fund or \$27.1 million for the Endowment for Iowa Health Fund. Unless otherwise indicated, all increases or decreases are compared to estimated net FY 2002. A new concept or funding included in the Governor's recommendation and not included in the department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of General Fund appropriations and FTE positions.



Significant General Fund Changes Recommended

1. **New Administrative Agency** – ❖ The Governor is recommending \$17.0 million and 2.0 FTE positions for FY 2003. This is an increase of \$17.0 million and 2.0 FTE positions compared to estimated net FY 2002. The new administrative agency assimilates the Iowa Telecommunications Commission, the Department of Information Technology, the Department of General Services, the Iowa Department of Personnel, and the accounting function from the Department of Revenue and Finance into a new administrative agency. The Governor is recommending a total consolidated General Fund savings of \$3.9 million. If the new administrative agency were approved, other funds, including revolving funds, and FTE positions would also need to be transferred with the departments to the new administrative agency. The changes include:



<u>Department Name</u>	<u>Estimated Net FY 2002</u>	<u>Gov. Rec. FY 2003</u>	<u>Gov. Rec. vs FY 2002</u>
Ia. Telecommunications & Technology Com.	\$ 2,138,254	\$ 1,034,330	\$ -1,103,924
Information Technology Department	3,342,694	3,342,694	0
Department of General Services	9,340,178	9,563,225	223,047
Department of Personnel	4,149,964	4,128,465	-21,499
Accounting - Dept. of Revenue Finance	1,899,751	1,899,751	0
Total	<u>\$ 20,870,841</u>	<u>\$ 19,968,465</u>	<u>\$ -902,376</u>
Addition for Enterprise Planning Teams		116,000	116,000
Consolidation Savings		-3,100,000	-3,100,000
Total Governor's Recommendation	<u>\$ 20,870,841</u>	<u>\$ 16,984,465</u>	<u>\$ -3,886,376</u>

2. **Iowa Telecommunications and Technology Commission** – A decrease of \$1.1 million (51.6%) and no change in FTE positions compared to estimated net FY 2002, to subsidize Iowa Communications Network (ICN) operations and costs related to educational usage of video services provided over the ICN. The reduction includes:

1. A decrease of \$904,000 as a result of the ICN qualifying as a common carrier under the Federal Communications Network rules and therefore being able to recoup some of the costs for services provided to K-12 schools and libraries from the Universal Service Fund.
2. A decrease of \$200,000 due to an increase in the estimated receipts from the Universal Services Fund.

- A. **Information Technology Department (ITD)** – An increase of 42.5 (34.0%) FTE positions compared to estimated net FY 2002. The FTE positions will be paid for through increased receipts.
 - B. **Department of General Services** – An increase of \$223,000 compared to estimated net FY 2002 to lease space for the Division of Criminal Investigations’ Crime Lab and the Medical Examiner’s Office.
 - C. **Department of Personnel** – A decrease of \$22,000 compared to estimated net FY 2002 due to a one-time FY 2002 appropriation for Workers’ Compensation.
 - D. **Department of Revenue and Finance** – No change compared to estimated net FY 2002.
 - E. **Assimilation Savings** – The Governor is recommending an additional savings of \$3.1 million due to the assimilation.
2. **Office of the Auditor of State** – ❖ The Governor is recommending \$1.2 million from the General Fund and 105.5 FTE positions for FY 2003. This is a decrease of \$47,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
3. **Ethics and Campaign Disclosure Board** – ❖ The Governor is recommending \$415,000 from the General Fund and 7.0 FTE positions for FY 2003. This is a decrease of \$17,000 (3.9%) and 1.0 (12.5%) FTE position compared to estimated net FY 2002. The changes include:
-
- A. A decrease of \$17,000 due to a general reduction.
 - B. A decrease of 1.0 FTE position due to the vacant Executive Director position. The Board Legal Counsel, Charles Smithson, is currently performing the duties of the Executive Director.
4. **Department of Commerce** – ❖ The Governor is recommending \$19.5 million from the General Fund and 296.5 FTE positions for FY 2003. This is a decrease of \$1.3 million (6.4%) and 23.5 (7.3%) FTE positions compared to estimated net FY 2002. The change, by division or program, includes:
- A. **Administrative Services Division** – A decrease of \$1.1 million (100.0%) and 17.5 (100.0%) FTE positions compared to estimated net FY 2002 due to the elimination of the Division through disbursement of the overall administrative functions of the Department to each of the individual divisions of the Department. The individual divisions will now be responsible for providing their own administrative services.

- B. **Alcoholic Beverages Division** – An increase of \$546,000 (36.0%) and 7.0 (26.9%) FTE positions compared to estimated net FY 2002 to compensate for the elimination of the Administrative Services Division. 
- C. **Banking Division** – An increase of \$6,000 (0.1%) and a decrease of 6.0 (7.7%) FTE positions compared to estimated net FY 2002 due to a general reduction and the elimination of 6.0 FTE positions that are currently vacant. The associated funding will be reallocated to other line items.
- D. **Credit Union Division** – An increase of \$16,000 (1.2%) and no change in FTE positions compared to estimated net FY 2002 to compensate for the elimination of the Administrative Services Bureau.
- E. **Insurance Division** – An increase of \$83,000 (2.2%) and no change in FTE positions compared to estimated net FY 2002 to compensate for the elimination of the Administrative Services Bureau.
- F. **Professional Licensing Division** – A decrease of \$800,000 (100.0%) and 11.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of the Division’s functions to the Office of the Secretary of State.

The Governor is not recommending \$63,000 from the Department of Economic Development Housing Improvement Fund, which is a 100.0% reduction compared to estimated net FY 2002 due to the transfer of the Division’s functions to the Office of the Secretary of State.

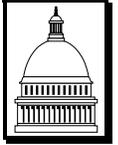
- G. **Utilities Division** – A decrease of \$36,000 (0.6%) and an increase of 4.0 (5.3%) FTE positions compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$109,000 and 4.0 FTE positions to be shared with the Office of the Consumer Advocate.
 - 2. A decrease of \$145,000 due to a one-time FY 2002 supplemental appropriation.

- 5. **Department of General Services** – ❖The Governor is recommending no funding from the General Fund and no FTE positions for FY 2003. This is a decrease of \$9.3 million (100.0%) and 156.4 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency. The change, by division, includes: 

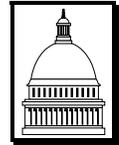
- A. **Administrative Services Division** – A decrease of \$1.8 million (100.0%) and 40.6 (100.0%) FTE positions compared to estimated

net FY 2002 due to the transfer of functions to the new administrative agency.

- B. **Terrace Hill Operations Division** – A decrease of \$262,000 (100.0%) and 5.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.
- C. **Property Management Division** – A decrease of \$4.1 million (100.0%) and 112.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.
- D. **Rental Space Division** – A decrease of \$1.0 million (100.0%) compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.
- E. **Utilities Division** – A decrease of \$2.2 million (100.0%) and 1.0 (100.0%) FTE position compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.



- 6. **Office of the Governor** – ❖The Governor is recommending \$2.0 million from the General Fund and 26.3 FTE positions for FY 2003. This is a decrease of \$79,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction. The change, by division or program, includes:



- A. **General Office Division** – A decrease of \$55,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- B. **Terrace Hill Quarters** – A decrease of \$4,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- C. **Administrative Rules Coordinator** – A decrease of \$6,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- D. **National Governors' Association** – A decrease of \$3,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- E. **State-Federal Relations** – A decrease of \$11,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.

The Governor is recommending 1.8 unappropriated FTE positions for the Statewide Volunteer Program. This is no change compared to estimated net FY 2002.

7. **Department of Inspections and Appeals** – ❖ The Governor is recommending \$11.1 million from the General Fund and 328.8 FTE positions, including \$3.7 million and 55.8 FTE positions for the Racing and Gaming Commission for FY 2003. This is an increase of \$615,000 (5.9%) and 13.0 (4.1%) FTE positions compared to estimated net FY 2002. The significant changes, by division, include:



- A. **Administration Division** – An increase of \$215,000 (37.2%) and 3.0 (14.3%) FTE positions compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$196,000 and 3.0 FTE positions to transfer the administration of the Targeted Small Business Program from the Audits Division and Bingo Administration from the Inspections Division.
 - 2. An increase of \$19,000 due to the reallocation of the 4.3% across-the-board reduction.
- B. **Audits Division** – A decrease of \$460,000 (100.0%) and 10.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to other divisions within the Department of Inspections and Appeals.
- C. **Administrative Hearings Division** – An increase of \$18,000 (3.6%) and no change in FTE positions compared to estimated net FY 2002 due to the reallocation of the 4.3% across-the-board reduction.
- D. **Investigations Division** – An increase of \$405,000 (38.6%) and 7.0 (17.5%) FTE positions compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$266,000 and 6.0 FTE positions to transfer the administration of the Department of Human Services Audits from the Audits Division to the Investigations Division.
 - 2. An increase of \$111,000 and 2.0 FTE positions to transfer administration of record checks and evaluations of child care centers and homes.
 - 3. An increase of \$28,000 and a decrease of 1.0 FTE position due to the reallocation of the 4.3% across-the-board reduction.
- E. **Health Facilities Division** – An increase of \$20,000 (0.8%) and a decrease of 2.0 (1.9%) FTE positions compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$86,000 due to the reallocation of the 4.3% across-the-board reduction.



2. An increase of \$83,000 and 2.0 FTE positions to transfer the administration of habilitation mental health/developmental disabilities from the Department of Human Services.
 3. A decrease of \$149,000 and 4.0 FTE positions to transfer resources to the new Child Advocacy Division.
- F. **Inspections Division** – A decrease of \$203,000 (20.9%) and 4.0 (23.5%) FTE positions compared to estimated net FY 2002. The changes include:
1. A decrease of \$121,000 and 2.0 FTE positions to transfer the administration of Bingo Administration to the Administration Division.
 2. A decrease of \$82,000 and 2.0 FTE positions due to the reallocation of the 4.3% across-the-board reduction.
- G. **Child Advocacy Division** – This is a new appropriation resulting in an increase of \$628,000 and 19.0 FTE positions to transfer the functions from the Department of Human Services. The changes include:
1. An increase of \$480,000 and 15.0 FTE positions to transfer functions from the Department of Human Services.
 2. An increase of \$149,000 and 4.0 FTE positions to reallocate resources from the Health Facilities Division.
- H. **Employment Appeal Board** – A decrease of \$300 (0.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- I. **Foster Care Review Board** – A decrease of \$7,000 (0.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
- J. **Racing and Gaming Commission Pari-Mutuel Regulation** – No change in funding or FTE positions compared to estimated net FY 2002.
- K. **Racing and Gaming Commission Excursion Boat Regulation**
– No change in funding or FTE positions compared to estimated net FY 2002.



8. **Department of Management** – ❖ The Governor is recommending \$57.9 million from the General Fund and 33.0 FTE positions for FY 2003. This includes a FY 2003 recommendation of \$55.6 million for the Salary Adjustment Fund. The Governor is recommending an operating decrease of \$87,000 (3.9%). The changes, by division or program, include:

- A. **General Office Division** – A decrease of \$87,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.
 - B. **Salary Adjustment**– An increase of \$63.9 million (-770.8%) compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$8.3 million to offset the distribution of FY 2002 Salary Adjustment funding from the Underground Storage Tank Fund that was added to the individual agency budgets. This distribution method creates a negative number in the appropriation to the Department of Management for estimated net FY 2002.
 - 2. An increase of \$55.6 million for the FY 2003 Salary Adjustment Fund.
 - C. **Statewide Property Tax Administration** – – No change in funding or FTE positions compared to estimated net FY 2002.
9. **Department of Personnel** – ❖ The Governor is recommending no funding from the General Fund and no FTE positions for FY 2003. This is a decrease of \$4.1 million (100.0%) and 86.0 (100.0%) FTE positions compared to estimated net FY 2002. The change, by division, includes:
-
- A. **Administration and Program Operations Unit** – A decrease of \$1.6 million (100.0%) and 28.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.
 - B. **Customer Services and Benefits Management Unit** – A decrease of \$2.5 million (100.0%) and 58.0 (100.0%) FTE positions compared to estimated net FY 2002 due to the transfer of functions to the new administrative agency.
 - C. **Workers' Compensation and Insurance Fund** – A decrease of \$22,000 (100.0%) compared to estimated net FY 2002. In FY 2001, all funding for the Workers' Compensation and Insurance Fund was placed with State agencies, which then pay insurance premiums into the Fund. An additional one-time \$500,000 was appropriated to the Iowa Department of Personnel for FY 2002 to be allocated to the State agencies. HF 759 (FY 2002 Appropriations Adjustment Act) appropriated \$22,000 to the Iowa Department of Personnel for FY 2002 to be allocated to the State agencies for replacement of the 4.3% across-the-board reduction.
10. **Department of Revenue and Finance** – ❖ The Governor is recommending \$25.9 million from the General Fund and 534.8 FTE positions, including

117.0 FTE positions for Lottery Operations for FY 2003. This is a decrease of \$1.6 (5.8%) million and 26.2 (5.9%) FTE position compared to estimated net FY 2002. The significant General Fund changes, by division, include:

- A. **Compliance Division** – A decrease of \$375,000 (3.5%) and no change in FTE positions compared to estimated net FY 2002. The changes include:
 - 1. A decrease of \$344,000 due to the reallocation of resources to the State Financial Management Division.
 - 2. A decrease of \$31,000 due to a general reduction.
 - B. **Internal Resources Management Division** – A decrease of \$74,000 (1.3%) and no change in FTE positions compared to estimated net FY 2002 due to the reallocation of resources to the State Financial Management Division.
 - C. **State Financial Management Division** – ❖ A decrease of \$1.5 million (14.1%) and 30.2 (14.0%) FTE positions compared to estimated net FY 2002. The changes include:
 - 1. An increase of \$418,000 due to the reallocation of resources from the Compliance Division (\$344,000) and the Internal Resources Management Division (\$74,000).
 - 2. A decrease of \$1.9 million and 29.2 FTE positions compared to estimated net FY 2002 due to the transfer of accounting functions to the new administrative agency.
 - 3. A decrease of \$50,000 and 1.0 FTE position due to the Workforce Attrition Program.
 - 4. A general decrease of \$1,000.
 - D. **Collection Costs and Fees** – This is no change compared to estimated net FY 2002.
 - E. **Tax Fairness Study** – ❖ An increase of \$400,000 for a one-time study of the tax system.
 - F. **Statewide Property Tax** – This is no change compared to estimated net FY 2002.
11. **Office of the Secretary of State** – ❖ The Governor is recommending \$3.1 million from the General Fund and 52.0 FTE positions for FY 2003. This is an increase of \$731,000 (31.4%) and 10.0 (23.8%) FTE positions compared to estimated net FY 2002. The changes, by division, include:



- A. **Administration and Election Division** – A decrease of \$7,000 (0.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction. 
- B. **Business Services Division** – An increase of \$756,000 (48.7%) and 10.0 (31.3%) FTE positions compared to estimated net FY 2002. The changes include:
1. An increase of \$720,000 and 10.0 FTE positions due to the transfer of the Department of Commerce’s Professional Licensing Division’s functions to the Office of the Secretary of State. The recommendation is \$80,000 (10.0%) and 1.0 (10.0%) FTE position less than the estimated net FY 2002 appropriation to the Professional Licensing Division.
 2. A general increase of \$36,000.
- C. **Official Registry** – An increase of \$5,000 compared to estimated net FY 2002. The change is for costs associated with the biennial printing of the Iowa Official Register and restores the appropriation that was eliminated for FY 2002. Historically, in odd-numbered fiscal years, the Office would do editing and maintenance of the Iowa Official Register on the Internet. In even-numbered fiscal years, the Office would do editing, maintenance and printing of both softbound and hardbound copies of the Iowa Official Register. The requirements of Chapter 9, Section 6, Code of Iowa, pertaining to the Iowa Official Register (also known as the Red Book), were notwithstanding during the 2001 Legislative session in SF 531 (FY 2002 Administration and Regulation Appropriations Act).
- D. **Redistricting** – A decrease of \$24,000 (100.0%) compared to estimated net FY 2002. This is due to completion of redistricting that occurred in conjunction with the 2000 Census.
- E. **Constitutional Amendments** – ❖ The Governor is recommending a new standing unlimited appropriation for expenses related to the publication of amendments to the Constitution of the State of Iowa. The Office estimated the expenses would be \$3,000 in FY 2003.
12. **The Office of the Treasurer** – ❖ The Governor is recommending \$848,000 from the General Fund and 25.8 FTE positions for FY 2003. This is a decrease of \$34,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction. 
13. **The Office of the Treasurer – Tobacco Settlement Authority** – ❖ The Governor is recommending \$27.1 million for the Endowment for Iowa’s Health Account to create a pool of funds to be used for the Healthy Iowans

Tobacco Trust Fund in FY 2003 and future fiscal years. This is an increase of \$19.8 million (273.7%) compared to estimated net FY 2002.

Significant Other Fund Requests

1. **General Services:** The Governor is recommending \$3.3 million and 64.3 FTE positions from other funds in FY 2003. This is an increase of \$150,000 (4.7%) and 2.3 (3.6%) FTE positions compared to estimated net FY 2002. Requests for other funds include:

- A. **Centralized Purchasing Division** – No change in funding or FTE positions from the Centralized Printing Revolving Fund.
- B. **State Fleet Administrator Division** – No change in funding or FTE positions from the Vehicle Dispatcher Revolving Fund.
- C. **Centralized Printing Division** – An increase of \$150,000 (12.7%) and 2.3 (8.2%) FTE positions from the Centralized Printing Revolving Fund in order to make the Division completely fee based.



The Governor is recommending 8.3 unappropriated FTE positions for FY 2003. This is a decrease of 3.25 (28.1%) FTE positions compared to estimated net FY 2002. The changes include:

- A. **Federal Surplus Property** – 5.3 FTE positions. A decrease of 1.0 (15.9%) FTE positions compared to estimated net FY 2002.
 - B. **Self-Insurance/Risk Management** – 2.0 FTE positions. No change compared to estimated net FY 2002.
 - C. **Centralized Purchasing Revolving** – 1.0 FTE position. No change compared to estimated net FY 2002.
 - D. **Centralized Printing Revolving** – A decrease of 2.3 (100.0%) FTE positions compared to estimated net FY 2002. The FTE positions are part of the Centralized Printing Division appropriation recommendation to match the funding stream.
2. **Department of Inspections and Appeals:** The Governor is recommending \$1.2 million for the Administrative Hearings Division from Motor Vehicle Use Tax receipts. This is no change compared to estimated net FY 2002. The Division hears cases arising out of licensing by the Iowa Department of Transportation.
 3. **Department of Management:** The Governor is recommending \$10.3 million from other funds for FY 2003. This is a decrease of \$12.2 million (54.3%). Funding recommendations by other funds include:

- A. **General Office** – No change in the \$56,000 appropriation from the Road Use Tax Fund compared to estimated net FY 2002.
- B. **Salary Adjustment** – A decrease of \$9.0 million (100.0%) from the Underground Storage Tank fund that was used in FY 2002 to pay salary adjustment expenses.
- C. **Primary Road Salary Adjustment** – A decrease of \$1.7 million (16.3%) from the Primary Road Fund that was used in FY 2002 to pay Salary Adjustment expenses.
- D. **Road Use Tax Salary System** – A decrease of \$1.5 million (49.1%) from the Road Use Tax Fund that was used in FY 2002 to pay Salary Adjustment expenses.

4. **Department of Personnel:**

- A. **Workers' Compensation Trust Fund** – The Governor is recommending \$45,000 from the Workers' Compensation Trust Fund for one-half of the cost of the Ready-to-Work Program Coordinator position for FY 2003. Due to the transfer of functions to the new administrative agency, the funding would go to the new administrative agency. This is no change compared to estimated net FY 2002. 
 - B. **Long-Term Disability Reserve Fund** – The Governor is recommending \$45,000 from the Long-Term Disability Reserve Fund for one-half of the cost of the Ready-to-Work Program Coordinator position for FY 2003. Due to the transfer of functions to the new administrative agency, the funding would go to the new administrative agency. This is no change compared to estimated net FY 2002.
 - C. **Primary Road Fund and Road Use Tax Fund** – The Governor is recommending no funding from the Primary Road Fund and Road Use Tax Fund for FY 2003 for FY 2003. Due to the transfer of functions to the new administrative agency, the funding would go to the new administrative agency. This is no change compared to estimated net FY 2002, Primary Road Fund (\$424,000) and Road Use Tax Fund (\$69,000). The funds are used to pay a portion of the salaries and non-salary expenses for Department staff that work on personnel issues relating to the Department of Transportation.
- Iowa Public Employees Retirement System (IPERS)** – ❖ The Governor is recommending \$8.1 million and 88.0 FTE positions from the Iowa Public Employees Retirement Trust Fund for FY 2003. This is a decrease of \$212,000 (2.6%) and no change in FTE positions compared to estimated net FY 2002 due to a general reduction.

5. **Department of Revenue and Finance:**

A. **Motor Vehicle Fuel Tax Fund** – The Governor is recommending \$1.1 million from the Motor Vehicle Fuel Tax Fund for FY 2003. This is a decrease of \$10,000 (1.0%) compared to estimated net FY 2002 due to the transfer of accounting functions to the new administrative agency.



B. **Printing Cigarette Stamps** – The Governor is recommending this standing limited appropriation to be restored to the level before the 4.3% across-the-board reduction of \$115,000. The Governor is also recommending this standing limited appropriation be changed to a standing unlimited appropriation.

C. **The Lottery Division** – The Governor is recommending \$8.9 million from lottery sales and 117.0 FTE positions for FY 2003. This is no change compared to estimated net FY 2002.



6. **Secretary of State:** The Governor is recommending \$63,000 from the Department of Economic Development Housing Improvement Fund which is an increase of \$63,000 (100.0%) compared to estimated net FY 2002 due to the transfer of the Department of Commerce's Professional Licensing Division's functions to the Office of the Secretary of State. The funding is used for a Real Estate Trust Account Auditor.

Issues

The Administration and Regulation Appropriations Subcommittee may wish to examine the following issues:

- *❖ New Administrative Agency – The impact of the Governor's recommendation to assimilate the Iowa Telecommunications Commission, the Department of Information Technology, the Department of General Services, the Iowa Department of Personnel, and the accounting function from the Department of Revenue and Finance into a new administrative agency.*
- Payment Processes for Interagency Services – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- Relocation of Agencies Outside the Capitol Complex – Renovation of the Lucas Building and other Capitol Complex office buildings may require agencies to

relocate outside the Capitol Complex which will increase the cost of leasing office space and decrease the Department of General Services' receipts.

- FY 2002 4.3% Across-the-board Reductions: – The departments and programs receiving appropriations from the Administration and Regulation Appropriations Subcommittee received FY 2002 reductions totaling approximately \$3.6 million. The departments plan to address these reductions as follows:
 - **Office of the Auditor of State** – The Office is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. Fees deposited to the General Fund may be reduced.

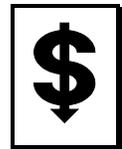
The impact includes the following:

- Reducing the number of out-of-state trips for training purposes.
- Postponing indefinitely the scheduled replacement of laptop computers used by staff to perform audits, as well as all but the most essential upgrades and replacement of other equipment.
- Carefully controlling purchases of supplies, memberships, and subscriptions.
- Limiting the number and amount of merit increases and promotional increases granted to staff.
- Freezing hiring for auditor positions, except in very unusual circumstances.

Unless staff attrition dramatically increases in the near future, additional actions to reduce audit staff will have to occur.

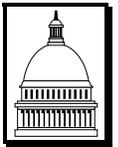
The biggest impact on services is the reduced amount of oversight on the operations of State agencies and reductions in assistance provided to Legislators, other public officials, and citizens. The reduced oversight will result in increased risk of the loss or misuse of public funds, improper agency actions, and inadvertent errors that will not be identified and corrected in a timely manner.

- **Ethics and Campaign Disclosure Board** – The Board is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, including the retirement of the Director.



- **Department of Commerce** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, including the Alcoholic Beverages Division and the Professional Licensing Division, and some vacant positions will not be filled. The reduction will also decrease the fees going to the General Fund.
- **Department of General Services** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition, layoffs, and the Early Out Program are anticipated, and some vacant positions will not be filled.

The Building Services Division has been merged into the Capitol Complex Maintenance Division. Staff are being assigned by building, developing a partnership between custodial and maintenance functions as well as improved accountability and "ownership" for each building.



Some of the functions have been reassigned to other divisions. For example, requests for services, leasing/off-complex space planning, safety, and Toy system issues have been reassigned to the Administration Division, while on-complex space planning and utilities management have been reassigned to the Design and Construction Division.

Most supplies expenses, such as garbage bag liners, have been eliminated. Paper towel expenditures have been reduced, relying more on hand dryers.

- **Office of the Governor** – The Office is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled.
- **Department of Inspections and Appeals** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs, including the Audits Division and the Inspections Division, are anticipated, and some vacant positions will not be filled. The Audits Division was eliminated, and statutory responsibilities were transferred to other divisions within the Department. A loss of federal funding may result for the Foster Care Review Board and the Employment Appeal Board. The other divisions may also lose some federal funding.

The Excursion Gambling Boat budget reduction would result in a windfall to the riverboat operators who pay the General Fund an amount equal to the Commission's appropriation in admission fees. The General Fund realizes no benefit from any reduction in this budget. Layoffs and reduced regulation, travel, training, supervision of employees, and expenditures on equipment and technology will result from the reduction.



The Pari-Mutuel budget reduction, in addition to the results mentioned for the Excursion Gambling Boat budget, would likely result in a decrease in racing days at the licensed racetracks. The majority of the budget is applied to:

- Racing stewards, who officiate the races and enforce statutes and Commission rules.
- The Commission's track veterinarians, who conduct pre-race inspections of the animals and supervise collection of body fluid samples for drug testing.
- The drug testing of racing animals.

Cost of the above fluctuates with the number of racing days. Racing cannot be conducted without these regulatory controls in place. Therefore, budget reductions entail a reduction in racing days as opposed to eliminating any of the above.

- **Department of Management** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. 
- **Department of Personnel** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, and some vacant positions will not be filled.
- **Department of Revenue and Finance** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition and layoffs are anticipated, and some vacant positions will not be filled.

Nearly one-half of the reduction may be accomplished through the Early Out/Early Retirement Program savings. The remainder will be accomplished with additional support cost reductions, reductions in temporary help, and

holding all vacancies open. The loss of employees may result in a restructuring of Department functions.

The impact includes the following:

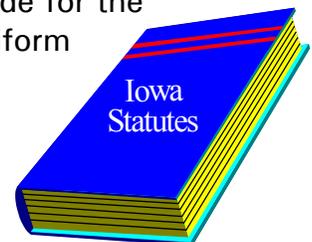
- Anyone filing an error-free paper return may wait at least 12 weeks for a refund. (Prior to the July 2002 reductions, the Department's goal for turnaround was 85.0% in 30 days. After the initial reduction in July, it was anticipated that turn-around time would be at least eight weeks.)
- Revenue loss will occur as auditors, examiners, and agents consider retirement and/or vacate positions. It will take at least to the end of FY 2002 to refill the positions.
- Processing delays will dramatically increase telephone inquiries within the agency. Customers will become upset when it becomes more difficult to reach a "live body."
- The Department's ability to provide electronic communications with taxpayers through web site development will be significantly reduced. Additionally, reductions in technology funding will require elimination of three to five applications intended to provide further opportunities to use efficiencies of electronic filing versus more costly paper filing.
- **Office of the Secretary of State** – The Office is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. The electronic filing of corporation reports and Uniform Commercial Code documents will be implemented. Some staff reductions through attrition and layoffs are anticipated, some vacant positions will not be filled, and positions will be reclassified.

Future expenditure reductions may include additional layoffs and furloughs that are equivalent to closing the Office for up to 28 days.

The Office has proposed the following changes to adjust for the budget reductions:

Requested Fees to Offset Budget Reductions:

- Amend Chapter 554, Section 9525, Iowa Code, to provide for the Secretary of State (beginning July 1, 2001) to retain Uniform Commercial Code (UCC) filing and indexing fees from terminations. Prior to July 1, 2001, there were no fees for terminations. Revenue from termination fees are estimated to range from \$100,000 to \$150,000, depending upon the mix of electronic filings at \$5 and paper filings at \$10-\$20.



- Amend Chapter 554, Section 9525, Iowa Code, to allow the Secretary of State to retain filing fees from other UCC records, but only enough of these fees to off-set the reductions to the Office budget. The General Fund would be affected by such an amendment.

Other Requested Statutory Changes:

- Amend Chapter 490, Section 1622, Iowa Code, to allow the Secretary of State to retain a portion of the biennial report-filing fee to pay for credit card fees on electronic and paper-based filings. Under current law, the Office must pay this fee, with no reimbursement. Approximately 70,000 corporate biennial reports are required to be filed by April 1, 2002. The Office will be unable to pay this fee with the current budget for the Office.
- Amend Chapter 490, Section 1622, Iowa Code, to allow the Secretary of State to retain a portion of the biennial report-filing fee to cover the processing of biennial reports. The fee would be set by rule. Without this amendment, the Office may be unable to process these reports.
- Repeal Section 26 (money back guarantee provision) of SF 531 (FY 2002 Administration and Regulation Appropriations Act). The strict time requirements for processing these filings may not be met with the current budget for the Office.
- Amend Chapter 554, Sections 9519, 9520, and 9523, Iowa Code, to extend the time to process UCC documents from the current requirement of two business days to 12 business days due to personnel reductions from budget reductions.
- Amend Chapter 49, Section 7, Code of Iowa, to delay the current January 15, 2002, effective date for precinct/ward boundaries.

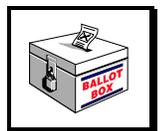
Without the requested changes the Office anticipates the following additional impact on services:

Business Services:

- Delays in business filings, including incorporations.
- Delays in UCC paper-based filings.
- Possible loss of revenue to the General Fund due to the loss of fees.
- The Office will be unable to process corporate biennial reports. Corporate Good Standings will be delayed and untimely.

Administration and Elections:

- Delays in performing obligations related to redistricting/precincting.
- Delays in regulating the preparation, preservation, and maintenance of voter registration records.
- Delays in processing voter registration reports and lists.



- Delays in processing candidate nomination petitions for affidavits of candidacy.
- Delays in assisting local election officials.
- Delays in implementation of technology, training, and education for Election Reform initiatives.
- **The Office of the Treasurer** – The Office is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled.

Issue Reviews

Three **Issue Reviews** relating to the Administration and Regulation Appropriations Subcommittee were distributed during the 2001 Interim. The **Issue Reviews** were:



- Child Support Recovery
- Update on Excursion Gambling Boats, Pari-Mutuel Racing, and Slot Machines at Racetracks
- Section 8.39 Appropriation Transfers

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Administration and Regulation Appropriations Subcommittee include:

- Iowa Retirement Systems
- Gambling in Iowa
- Iowa Lottery
- Administration and Regulation Appropriations Subcommittee
- Section 8.39, Code of Iowa, Appropriation Transfers
- Department of Commerce General Fund Revenues Generated and Appropriations by Division

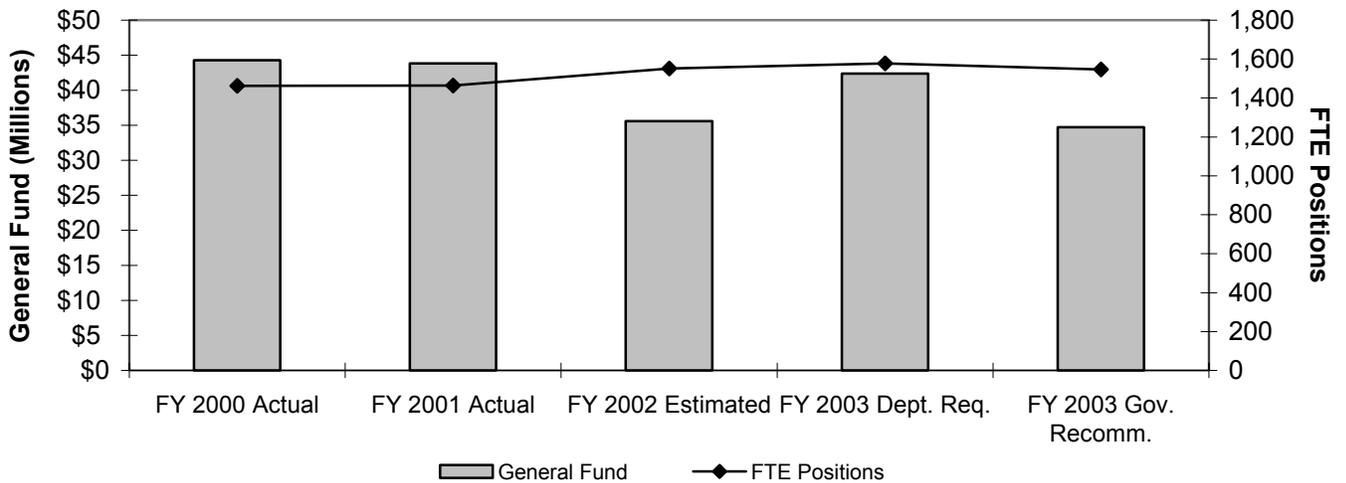
AGRICULTURE AND NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$34.7 million for operations from the General Fund and 1,545.9 FTE positions, a decrease of \$858,000 (2.4%) and 11.8 (0.8%) FTE positions compared to estimated net FY 2002. There are 43.9 unappropriated FTE positions in the Department of Agriculture and Land Stewardship. The positions are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded with federal funds and other unappropriated funds. More information on these FTE positions is available from the LFB upon request. All dollar amounts and percentages include General Fund appropriations from the former Commercial Feed, Fertilizer, Pesticide, Milk, and Marine Fuel Tax Funds.

A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request is preceded by the symbol, ❖. The following graph illustrates the history of the General Fund appropriations and FTE positions.

Agriculture and Natural Resources Appropriations Subcommittee



Significant General Fund Changes Recommended

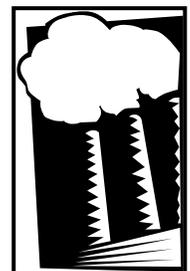
1. Department of Agriculture and Land Stewardship



- A. ❖ A decrease of \$732,000 for Enterprise Savings and Efficiency Reductions. The Governor asked the Department to focus on ways to make government operations more efficient and effective. As a result, the following operating areas in the Department of Agriculture and Land Stewardship were reduced by 3.9%:
- Administration Division – \$93,000
 - Regulatory Division – \$199,000
 - Laboratory Division – \$125,000
 - Soil Conservation Division – \$269,000
 - International Relations – \$1,000
 - Pseudorabies Program – \$34,000
 - Farmer’s Market Program – \$11,000
- B. ❖ A decrease of \$64,000 and 2.0 FTE positions in the Regulatory Division due to retirements under the Workforce Attrition Savings Program.

2. Department of Natural Resources

- A. ❖ A decrease of \$500,000 due to the reorganization of the Department of Natural Resources and a decrease of \$146,000 for Enterprise Savings and Efficiency Reductions. The Governor asked the Department to focus on ways to make government operations more efficient and effective. As a result, the Department has proposed reorganization, with an estimated cost savings of \$500,000, and the Governor is recommending an additional decrease of \$146,000. For more information on the reorganization, refer to the section in this document entitled, “Department of Natural Resources Reorganization.”
- B. ❖ A decrease of \$236,000 and 3.0 FTE positions in the Environmental Protection Division for the transfer of employees in the Hazardous Emergency Response Program to the Emergency Management Division.
- C. An increase of \$600,000 for activities in the Environmental Protection Division. The Division’s General Fund appropriation was reduced by this amount for FY 2002.



- D. An increase of \$150,000 for payment of benefits to retiring Park Rangers.
- E. An increase of \$74,000 for payment of Worker's Compensation in the Administrative Services Division. The Division's General Fund appropriation was reduced by this amount for FY 2002.

Significant Other Fund Changes Requested

The following table summarizes the department requests and the Governor's recommendations for the Environment First Fund:

Environment First Fund

Programs:	<u>Estimated Net FY 2002</u>	<u>Dept. Request FY 2003</u>	<u>Governor's Rec FY 2003</u>
DALS - Wetland Incentive Program (CREP)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
DALS - Integrated Farm Demonstration Program	850,000	850,000	850,000
DALS - Soil Conservation Cost Share	7,500,000	10,000,000	7,500,000
DALS - Watershed Protection Program	2,700,000	2,700,000	2,700,000
DALS - Agricultural Drainage Wells	1,000,000	1,000,000	1,000,000
DALS - Conservation Reserve Program (CRP)	1,500,000	1,500,000	1,500,000
DALS - Loess Hills Conservation Authority	750,000	0	750,000
DALS - Southern Iowa Conservation Authority	250,000	0	250,000
DED - Brownfield Redevelopment Program	2,000,000	2,000,000	0
DNR - Waste Water Permits	180,000	180,000	180,000
DNR - Floodplain Protection Program	180,000	180,000	180,000
DNR - Geographic Information System Development	195,000	195,000	195,000
DNR - Water Quality Monitoring Stations	2,500,000	3,000,000	3,000,000
DNR - Volunteer Water Quality Initiative	70,000	100,000	100,000
DNR - REAP Formula Allocation	10,000,000	12,000,000	11,500,000
DNR - Landfill and Ecosystems	125,000	0	0
DNR - Lake Dredging	500,000	4,000,000	1,245,000
DNR - Marine Fuel Tax Capital Projects	2,300,000	2,300,000	2,300,000
DNR - Trees Program	250,000	250,000	250,000
DNR - Lewis and Clark	60,000	0	0
DNR - Waste Tire Program	500,000	0	0
Total Expenditures	\$ 34,910,000	\$ 41,755,000	\$ 35,000,000

1. Department of Natural Resources

- A. An increase of \$2.1 million from the Environment First Fund. Significant recommendations include:

- 1. ❖ An increase of \$1.5 million to increase the funding level of the Resource Enhancement and Protection (REAP) Fund to \$11.5 million.
- 2. ❖ An increase of \$745,000 for the Lake Restoration Program.



3. A decrease of \$500,000 for the Waste Tire Management Program as the Program sunsets on June 30, 2002.
 4. An increase of \$500,000 to expand the Water Quality Monitoring Program.
- B. ❖ An increase of \$1.0 million from the Restricted Capital Fund of the Tobacco Settlement Trust Fund for the development of a destination park. The park will be located in the Rathbun Lake area.
- C. An increase of \$250,000 in the Fish and Game Protection Fund for the following programs:
1. The Aquatic Nuisance Species Program would receive \$125,000 to focus on elimination of invasive species such as the zebra mussel, purple loosestrife, and Eurasian Watermilfoil.
 2. The Hunter Safety Program would receive \$125,000 to streamline the issuance of hunter safety cards, update hunter safety procedures, and initiate a study to review alternative ways to be certified. The Program would receive federal funds.



Issues

The Agriculture and Natural Resources Appropriations Subcommittee may wish to examine the following issues:

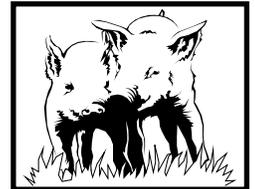
- **FY 2002 Deappropriations** – The 2001 General Assembly passed HF 759 (FY 2002 Appropriations Adjustment Act) that reduced the FY 2002 General Fund appropriations by 4.3%. The Department of Agriculture and Land Stewardship was reduced by \$849,000 and the Department of Natural Resources was reduced by \$751,000. Impacts from the reductions include:
 - The Department of Agriculture and Land Stewardship will reduce the number of meat and poultry inspections, as there are five vacant positions in the Meat and Poultry Inspections Bureau that are funded with \$98,000 in General Funds and \$59,000 in federal funds. There will be a reduction of services in the Pseudorabies Eradication Program as there are three vacant positions that receive \$36,000 in General Funds and \$43,000 in federal funds. There will be a reduction in other expenditures such as travel, equipment, and supplies. *The Governor is recommending an additional reduction of \$732,000 for Enterprise Savings and Efficiency Reductions for the Department of Agriculture and Land Stewardship.*
 - The Department of Natural Resources will reduce expenditures such as travel, equipment, and supplies. The Energy and Geology Division will transfer one Geologist position from activities that were funded with General Funds to federally funded activities and will delay printing the Iowa Geology

Report. The Environmental Protection Division will transfer 3.5 FTE positions from State funded activities to federally funded activities. The Air Quality Bureau will eliminate two contract positions. *The Governor is recommending an additional reduction of \$146,000 for Enterprise Savings and Efficiency Reductions and a reduction of \$500,000 due to the reorganization of the Department of Natural Resources.*

- **Foreign Animal Disease** – The General Assembly passed HF 725 (FY 2002 Agriculture and Natural Resources Appropriations Act) in 2001 that included a \$200,000 appropriation from the Brucellosis Eradication Fund for security measures to control foreign animal diseases. This was due to outbreaks in Europe of Foot and Mouth Disease and Bovine Spongiform Encephalopathy (Mad Cow) Disease. The Department of Agriculture and Land Stewardship, in coordination with other State agencies and agribusiness groups, developed a Foot and Mouth Disease Response and Recovery Plan that was tested on July 26, 2001. The Department also received a \$50,000 federal grant in October 2001 to aid in the prevention of foot and mouth disease. Funds will be used to conduct foreign animal disease diagnostic training, conduct regional meetings in Iowa to educate producers and veterinarians, develop a communication plan, and produce and distribute educational material for all interested parties.



- **Pseudorabies** – In January 1999, the United States Department of Agriculture (USDA) began the Accelerated Pseudorabies Eradication Program that provided funding to buy out infected herds. As of October 2001, the State had 10 infected herds, which is a decrease of 422 herds compared to the previous year. *The Governor is recommending a reduction of \$33,000 for Enterprise Savings and Efficiency Reductions.*



- **Agricultural Drainage Wells** – The General Assembly passed SF 473 (Agricultural Drainage Wells Act) in FY 1997 that required closure of all agricultural drainage wells in the north-central region of the State by December 31, 1999. The legislation established the Alternative Drainage System Assistance Fund to provide up to 75.0% cost share funds to landowners. The General Assembly passed HF 339 (Extending the Deadline for Agricultural Drainage Wells Act) in FY 1999 to extend the closure date of designated agricultural drainage wells to December 31, 2001. There are 127 wells closed in the region since the program began, and it is estimated there are an additional 165 wells that need to be closed. The General Assembly will need to discuss extension of the December 31, 2001 deadline. *The Governor is recommending funding of \$1.0 million from the Environment First Fund to the Alternative Drainage System Assistance Fund for cost share assistance in closing wells.*

- Integrated Farm Management Demonstration Program** – The General Assembly passed SF 2371 (Water Quality Initiatives Act) in 2000 that implemented a number of specific programs that would improve Iowa’s water quality. The Integrated Farm Management Demonstration Program was appropriated \$850,000 from the Environment First Fund for the purpose of implementing a voluntary Statewide program that demonstrates alternative farm practices to protect the State’s water resources. During the FY 2001 Legislative Session, SF 267 (FY 2001 Deappropriations Act) was passed that deappropriated \$500,000 from the Integrated Farm Management Demonstration Program. With the remaining \$350,000, the Program completed five projects for FY 2001 that involved approximately 150 participants around the State. The Department of Agriculture and Land Stewardship received \$850,000 for the Program for FY 2002 and has 13 projects underway. The LFB completed an **Issue Review** on this topic in December 2001. *The Governor is recommending funding of \$850,000 from the Environment First Fund for this Program.*
- Agrichemical Remediation** – The General Assembly passed SF 466 (Agrichemical Remediation Act) in FY 2000 for cleanup of sites that have been contaminated with agriculture chemicals such as fertilizers and pesticides. The Department is requesting \$2.0 million for FY 2003 to clean up contaminated sites in Iowa. *The Governor is not recommending funding for this Program.*

- Resource Enhancement and Protection (REAP) Fund** – The Code of Iowa appropriates \$20.0 million to the REAP Fund. The General Assembly notwithstanding the Code of Iowa and appropriated \$10.0 million to the Fund in FY 2002 from the Environment First Fund annually. The Department of Natural Resources requested \$12.0 million for the REAP Fund for FY 2003 from the Environment First Fund. This is an increase of \$2.0 million compared to estimated FY 2002. *The Governor is recommending funding of \$11.5 million from the Environment First Fund for this Program.*



- Open Cattle Feedlots** – In 1972, the federal Environmental Protection Agency authorized the Department of Natural Resources to issue National Pollutant Discharge Elimination System (NPDES) Permits to concentrated animal feeding operations. Currently, 24 open cattle feedlots have been issued a permit, and it is estimated there are approximately 300 more operations required to have the permits. The Department of Natural Resources and the Environmental Protection Agency allowed open cattle feedlot operators to register with the Department until January 2, 2002. The Department will complete an assessment of the registrations and assign them as a high, medium, or low priority level. The Department estimates it will take five years before all open cattle feedlot operators will meet the federal requirements. The LFB completed an **Issue Review** on this topic in November 2001.



Issue Reviews

The LFB completed two **Issue Reviews** during the 2001 legislative interim:

- Integrated Farm Management Demonstration Program
- Open Cattle Feedlots

Copies of the **Issue Reviews** are available on the LFB web site:
<http://staff.web.legis.state.ia.us/lfb/>.

Topic Presentations

The LFB maintains and updates Topic Presentations available on the LFB web site. Presentations relating to the Agriculture and Natural Resources Subcommittee include:

- Agriculture and Natural Resources Appropriations Subcommittee
- Resources Enhancement and Protection (REAP) Fund
- Groundwater Protection Fund
- Environment First Fund
- Energy in Iowa
- Forestry Overview
- Agriculture and Water Quality

Copies of the **Topic Presentations** are available on the LFB web site:
<http://staff.web.legis.state.ia.us/lfb/>.

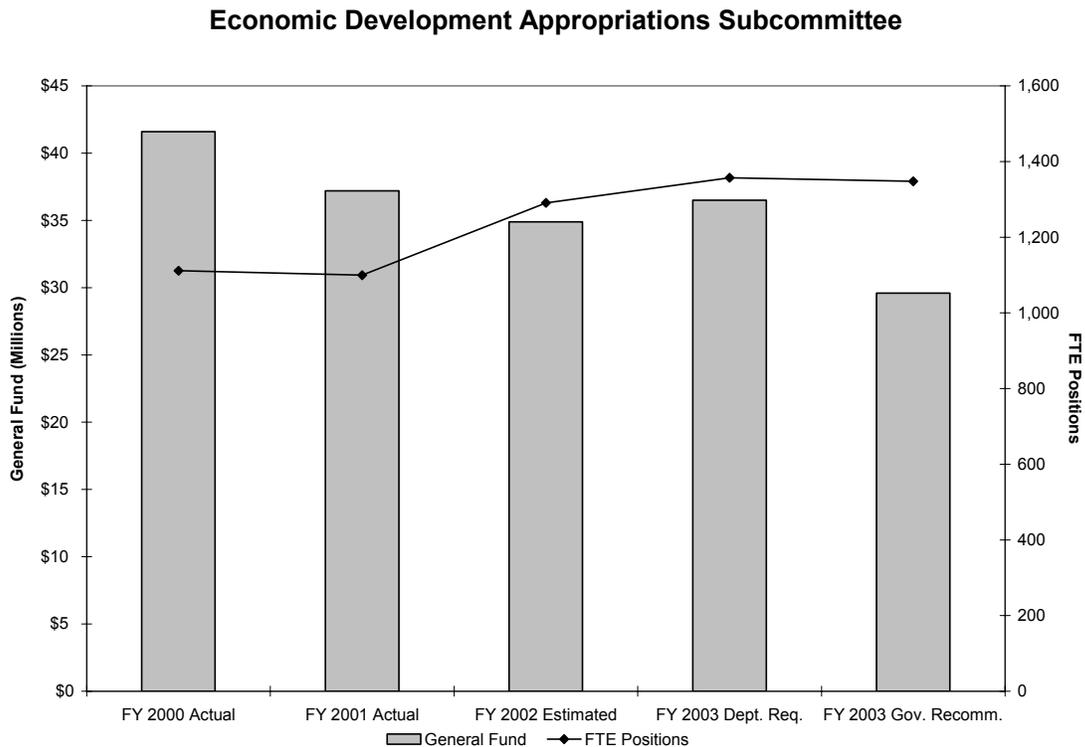
ECONOMIC DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$29.6 million from the General Fund and 1,347.5 FTE positions for the three departments and seven Regents University programs of the Economic Development Appropriations Subcommittee, a decrease of \$5.3 million (15.1%) and an increase of 56.7 (4.4%) FTE positions compared to estimated net FY 2002. This includes 888.6 unappropriated FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal and other funds. More information on these FTE positions is available from the LFB upon request.

A new concept or funding included in the Governor's Recommendations but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of General Fund appropriations and FTE positions.



Significant General Fund Changes Recommended



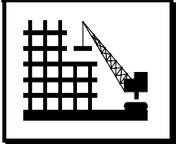
1. ❖ **Department of Economic Development (DED)** – A decrease of \$5.0 million (23.7%) compared to estimated net FY 2002. Highlights include:
 - A. A decrease of \$2.3 million in program reductions.
 - B. A decrease of \$2.7 million to shift funding for the Value Added Agricultural Products and Processes and Financial Assistance Program from the General Fund to Use Tax.
2. ❖ **Iowa Workforce Development (IWD)** – A decrease of \$229,000 (3.9%) and 1.5 (0.7%) FTE positions compared to estimated net FY 2002 for budget reductions due to enterprise efficiencies.
3. ❖ **Public Employment Relations Board** – A decrease of \$33,000 (3.9%) and 3.2 (26.4%) FTE positions compared to estimated net FY 2002 for budget reductions due to enterprise efficiencies.
4. **Board of Regents** – No change in funding and an increase of 0.4 (0.5%) FTE position compared to estimated net FY 2002.



Issues

The Economic Development Appropriations Subcommittee may wish to examine the following issues:

- ❖ ***New Economy*** – *The Governor is making a number of recommendations related to the New Economy. The major issues include:*
 - *Growth and sustained development in the areas of life sciences, advanced manufacturing, and information solutions (insurance, financial services, and computer programming). The Governor is proposing:*
 - *Creation of a New Economy Council to advise government decision makers on investment strategies for Iowa's economy.*
 - *Creating a venture capital fund that offers individual and institutional investors an opportunity to participate in venture capital projects backed by contingent tax credits to be issued if the fund does not perform as required by issuance certificates.*
 - *Providing new tax credits to encourage private-sector investment in start-up businesses in the life sciences area to reduce risk and increase profitability and providing opportunity for individuals to invest small amounts in capital formation initiatives.*

- *Allowing 100.0% of the federal income tax to be deducted when determining the tax on Subchapter S Corporation shareholders' distributions.*
- *Growth and retention of a diverse, skilled workforce, including raising the minimum wage.*
- *Implementing a strategic housing development plan to increase home ownership, the supply of affordable rental apartments, and the construction capacity in rural areas.*
- *Utilizing Community Development Block Grant (CDBG) funds at the local level for broadband high-speed internet services, agricultural innovations, recreational destination attractions, improving government efficiency in service provision, and other activities.*
- *Making Iowa the World Food Capital by maintaining funding for related programs and creating a task force for improving food security.*
- **Reorganizations** – The Department of Economic Development and Iowa Workforce Development are in the process of reorganizing. The Subcommittee may want to examine how the reorganizations will affect services and the departments' efficiency.
- **Tourism and Recreation Programs:**
 - **Vision Iowa** – The Vision Iowa Board was created in FY 2001 by SF 2447 (Vision Iowa Program Act) and given responsibility for the Vision Iowa Program and the Community Attraction and Tourism (CAT) Program. The Vision Iowa Program receives \$15.0 million annually from gambling receipts and has the authority to issue bonds. Bonds were sold on October 9 and 10, 2001. Proceeds from the sale of bonds, funds carried forward from FY 2001, and projected interest earnings provided \$215.0 million for Vision Iowa Project awards. Approximately \$180.0 million has been committed to six projects, leaving \$35.0 million yet to be awarded. 
 - **Community Attraction and Tourism (CAT) Program** – The CAT Program receives a \$12.5 million appropriation from the Rebuild Iowa Infrastructure Fund (RIIF) to fund infrastructure projects to enhance tourism. The Board has made 18 awards totaling \$11.5 million. 

The Subcommittee may want to review the implementation of the programs, the types of proposals receiving funding, the leveraging of other resources, and the adequacy of State funding.

- **School-to-Career Program** – The Program was slow in developing, and the Program’s funding was deappropriated in FY 2001. The General Assembly restored funding to \$35,000 for FY 2002. The Subcommittee may want to review the Program’s progress. *The Governor is recommending continued funding at the FY 2002 level after the 4.3% across-the-board reduction (\$33,000).*



- **Workforce Development Training Programs** – The DED has several programs that provide assistance to businesses and individuals to meet workforce training needs. These programs are funded from tax diversions, the Workforce Development Fund, and the General Fund. In FY 2002, the cap on the Workforce Development Fund was reduced from \$8.0 million to \$4.0 million and funds were allocated to business training programs (\$3.0 million) and the High Technology Apprenticeship Program (\$1.0 million). The Subcommittee may want to examine whether these programs are providing a cost-effective means of addressing the labor needs of Iowa businesses and industries.

- **Tourism Multi-Media Marketing Promotions** – The advertising budget for the Tourism Division was reduced by \$1.5 million in FY 2002, but funding of \$1.2 million from the Community Attraction and Tourism (CAT) Program was continued for FY 2002. The Subcommittee may want to consider the effectiveness of these promotions and evaluate their impact on tourism. *For FY 2003, the Governor is recommending continued funding for advertising from the CAT Program at the FY 2002 level.*

- **Program Performance** – Economic development programs often contain performance requirements for businesses that receive grants. The Subcommittee may want to examine the quality of those measures, the accountability of grant recipients, and the cost effectiveness of the programs.

- **Immigration Issues** – Attracting immigrants to Iowa was a goal of Iowa Workforce Development in FY 2002, with the intent of filling projected labor shortages. The Subcommittee may want to review the Department’s activities in this area, as well as the continued need for immigration given the recent economic downturn.

- **Iowa Finance Authority** – The Iowa Finance Authority reported to its Board that it is one of the smallest housing agencies in the nation. However, the Authority projects fairly rapid growth in the next few years. The Subcommittee may want to review the Authority’s plans for expansion and future growth.



- **Title Guaranty Division** – The Iowa Finance Authority hired an actuary to evaluate the reserves needed by the Title Guaranty Division to cover its liabilities from issuing title guaranties. The actuary’s evaluation suggested the reserve for claims could be reduced from \$4.5 million to approximately \$2.0 million. The

State Insurance Commissioner has the responsibility for setting reserve requirements and has been asked to consider the actuary's recommendations. The Subcommittee may want to review this issue with the Authority and the State Insurance Commissioner. *The Governor is recommending \$2.7 million from the Title Guaranty reserves be transferred into the General Fund in FY 2003.*

- **Iowa Housing Corporation** – In August 2001, Iowa Finance Authority officially accepted the transfer and assignment of assets and liabilities from the Iowa Housing Corporation. The Subcommittee may want to examine the outcome of closing down the Corporation and the assets acquired by the Iowa Finance Authority.



- **Iowa Workforce Development's Technological Improvements** – The Department discussed its utilization of technology with the Legislative Oversight Committee during the interim. The Department also has requested \$1.3 million from the Pooled Technology Account to fully automate the Unemployment Insurance tax functions. The Subcommittee may want to examine this project to determine its effectiveness and impact on Iowa Workforce Development operations.
- **Administrative Contribution Surcharge** – The sunset on the Administrative Contribution Surcharge was extended during the 2001 First Extraordinary Session. The Subcommittee may want to review the changes in services funded by the Surcharge.
- **FY 2002 4.3% Across-the-Board Reductions** – The departments and programs receiving appropriations from the Economic Development Appropriations Subcommittee received FY 2002 reductions totaling approximately \$1.6 million. The departments plan to address these reductions as follows:



- **Department of Economic Development** – The Department is applying the reduction to all budget units. Programs and operations are being reviewed to determine where reductions can be made to maintain the best return on investment for the funds available. Some staff reductions through attrition are anticipated, and some vacant positions will not be filled. Programs will make fewer awards and reductions will be made in advertising and public relations.
- **Iowa Workforce Development** – The Workers' Compensation Division plans to implement reductions that are the least disruptive to State employees. No layoffs are planned. Reductions are being made to out-of-state travel; outside contracts are being terminated; and an unanticipated vacancy is not being filled. The total reduction is \$105,000. The reductions may cause delays in appeal decisions for injured workers cases. The Department

indicates this may increase the number of workers that choose to litigate through civil courts, which will increase attorney costs for the workers.

The Labor Services Division is finalizing reduction plans, but anticipates there will be layoffs in order to achieve a \$148,000 reduction. There will also be a reduction in various types of inspections, in part due to reductions in the in-state travel budget. The Division deposits fees from inspections and permits into the General Fund, which amounted to 70.5% of the Division's appropriated budget in FY 2001. The Division anticipates these deposits will decrease as a result of fewer inspections.

The Workforce Development Board staff will move to a federally-funded position and will have responsibilities adjusted as a result. The Board will hold fewer meetings to reduce travel costs.

- **Public Employment Relations Board (PERB)** – The Board has indicated that it has eliminated the equivalent of one administrative law judge position. Administrative law judges hear cases and act as mediators, facilitators, and trainers. The Board has eliminated the use of ad hoc mediators for contract negotiations in FY 2002 and has asked the Federal Mediation and Conciliation Service (FMCS) to handle the cases, which they are doing on a temporary basis. The PERB has eliminated out-of-state travel, cut updates and services to the law library, restricted the use of court reporters, required leave without pay for employees, and suspended non-mandated services to constituents, including grievance mediation services, labor-management committee training and facilitation, and interest-based bargaining training and facilitation. With fewer mediators and a larger individual caseload, PERB expects an increase in the number of arbitrations. The Board reports that arbitration is more expensive for public employers than using mediation.

Issue Reviews

The Legislative Fiscal Bureau (LFB) completed an **Issue Review** examining the Community Economic Betterment Account (CEBA) Program. The **Issue Review** provides a description of the CEBA Program and combines data from the CEBA Program and Iowa Workforce Development to examine job creation during and continuation after businesses complete the Program. Copies of the **Issue Review** are available from the LFB and can be found on the LFB web site at www.staffweb.legis.state.ia.us/lfb/.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Economic Development Appropriations Subcommittee include:

- Community Economic Betterment Account (CEBA) Program
- Iowa Department of Economic Development - Workforce Training Programs
- The Strategic Investment Fund
- Vision Iowa Program

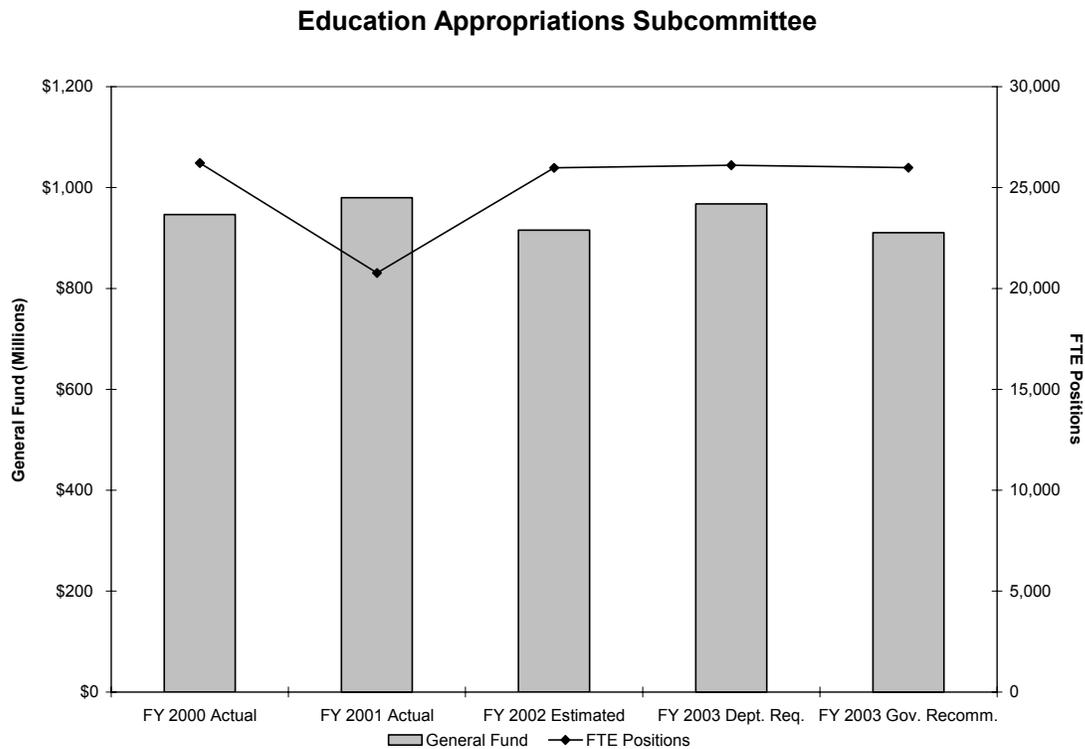
EDUCATION APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$951.8 million for operations from the General Fund and 25,983.7 FTE positions for the four departments of the Education Appropriations Subcommittee. This is an increase of \$36.1 million (3.9%) and 3.4 (0.0%) FTE positions compared to estimated net FY 2002. This includes 8,703.7 unappropriated FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds, fee revenue, and gifts and donations. More information on these FTE positions is available from the LFB upon request.

A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of General Fund appropriations and FTE positions.



Significant General Fund Changes Recommended

1. College Student Aid Commission

- A. ❖ An increase of \$65,000 for a new appropriation to assist 33 students with Foster Child Grants. This Program was funded by the Commission in FY 2002 by utilizing interest earned on federal reserve funds. The Governor stated that a private donor is willing to contribute \$100,000 to support this Program if a State General Fund appropriation is approved.
- B. An increase of \$320,000 for the Osteopathic Forgivable Loan Program to restore loans to the FY 2001 level of \$4,000 for 154 students.
- C. An increase of \$1.7 million for the Tuition Grant Program to fully restore the 4.3% across-the-board reduction and increase the average grant from \$3,186 to \$3,299 for approximately 14,800 recipients. The Governor is recommending the maximum grant remain unchanged at \$4,000.
- D. ❖ An increase of \$300,000 to partially restore funding for the College-Work Study Program. This Program is funded by a standing appropriation of \$2.8 million; however, the appropriation was nullified for FY 2002. The Governor's recommendation includes nullifying the standing appropriation again for FY 2003, but providing partial funding for a pilot project.
- E. ❖ A decrease of \$46,000 for the Iowa Grant Program to apply a 4.3% across-the-board reduction. The Program was reduced in the Special Session in November 2001 but all the funds had been distributed so the reduction is being applied to FY 2003.
- F. ❖ A decrease of \$12,000 for Scholarship and Grant Administration for a general efficiency reduction.



2. Department of Cultural Affairs

The Governor is recommending a total increase of \$771,000 for the Department. The recommendation includes a 3.9% general reduction to the Department's five existing budget units. ❖ It also includes a new appropriation of \$1.0 million to establish a cultural trust fund, the interest income from which would be awarded by grant to community cultural institutions.

3. Department of Education

- A. A General Fund appropriation of \$40.0 million for the Student Achievement and Teacher Quality Program to maintain the FY 2002 level of funding. The Program was established in FY 2002 with a \$40.0 million appropriation from the Endowment for Healthy Iowans.
- B. An increase of \$4.0 million for general aid to community colleges. This would partially restore the 3.7% net reduction approved by the General Assembly in HF 759 (FY 2002 Appropriations Adjustment Act). ❖ The Governor is also recommending increasing levy authority for both the facilities and equipment levies to generate approximately \$4.8 million in additional revenues.
- C. A decrease of \$631,000 (4.3%) for Community Empowerment's School Ready Children Grants. The Governor is recommending this reduction in FY 2003 because the Program was exempt from the FY 2002 4.3% across-the-board reduction.
- D. A 3.9% general reduction to 13 other budget units, for a total decrease of \$985,000. ❖ Two of these budget units, Vocational Rehabilitation and Vocational Education Secondary (Carl Perkins) may experience a loss of federal funds as a result of these reductions. The issue of potential loss of federal funding is discussed in more detail later in this document.
- E. A further reduction, totaling \$132,000, to three of those budget units to reflect savings associated with the Workforce Attrition Program.



4. **Board of Regents** – ❖ A decrease of \$9.2 million to transfer a portion of the funding for Tuition Replacement to the Restricted Capital Fund of the Tobacco Settlement Trust Fund. Tuition Replacement is an appropriation to pay the debt service on academic revenue bonds. A small portion of the cost (\$600,000) was transferred to the Tobacco Fund in FY 2002.

Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

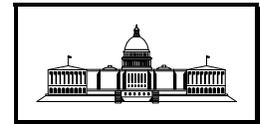
College Student Aid Commission

- Impact of 4.3% across-the-board reduction – The Commission plans the following in response to the reduction:
 - Tuition Grant Program – Second semester awards will be reduced from \$2,000 to approximately \$1,740. The Commission will request a transfer of



\$411,000 from the Scholarship and Grant Reserve Fund. The total reduction is \$1.3 million. If the Reserve Fund transfer is approved, the reduction to the Program will be \$900,000. The transfer from the Scholarship and Grant Reserve Fund has been requested and is expected to be approved.

- Vocational-Technical Tuition Grant Program – Second semester awards will be reduced from \$244 to approximately \$235. The reduction is \$107,000.
- Iowa Grant Program – The Commission will recall \$46,000 already paid to colleges.
- Osteopathic Forgivable Loans – The reduction of \$4,300 will result in a reduced ending balance.
- Osteopathic Physician Recruitment – One less scholarship will be awarded. The reduction is \$16,000.
- Teacher Shortage Loans – The Program will rely on repayment revenues to replace the reduction of \$21,000.
- Chiropractic Loans – Awards will be reduced from \$4,300 to \$4,100. The reduction is \$4,000.
- The federal Balanced Budget Act of 1997 requires the return of approximately \$1.0 billion in state guaranty agency reserves by the end of Federal Fiscal Year 2002. The Iowa College Student Aid Commission's portion of this total is approximately \$39.0 million. The Commission had a five-year window (FY 1998 through FY 2002) to use interest earned on federal reserve funds for default reduction efforts. The Commission established several new programs by utilizing interest revenues and may request General Fund appropriations to support these programs once the federal interest receipts are eliminated. The Commission will be required to return the reserve funds during FY 2003, when the federal fiscal year ends in October 2002, and there will be no more interest revenues under this Program. The General Assembly may wish to review the Commission's utilization of the interest funds for the past five fiscal years and receive an update on the use of any carryforward funds. One of the Programs that the Commission has utilized interest funds for is the Foster Care Grant Program. With the anticipated elimination of the interest revenue, the Commission has requested an increase of \$65,000 in the General Fund appropriation to the Iowa Grant Program for FY 2003 to continue this Program. *The Governor is recommending a new General Fund appropriation of \$65,000 for FY 2003 for the Foster Grant Program.*
- The Commission is beginning to receive some significant repayments for forgivable loan programs administered by the Commission, such as the Teacher Shortage Forgivable Loan Program, Chiropractic Forgivable Loan Program, and



the Osteopathic Forgivable Loan Program. A high level of repayments indicates that students accepting these loans are not fulfilling the Iowa service requirements and are subsequently having to repay the loans rather than earning loan forgiveness. For FY 2001, the General Assembly reduced the appropriation to the Osteopathic Forgivable Loan Program by \$125,000 because of repayments. Repayment history is illustrated in the table below:

Forgivable Loan Program	Actual FY 2000	Actual FY 2001	Projected FY 2002	Projected FY 2003
Osteopathic	\$99,215	\$110,324	\$20,000	\$100,000
Chiropractic	6,061	1,236	10,000	10,000
Teacher Shortage	0	6,523	10,000	10,000
Totals	\$105,276	\$118,083	\$40,000	\$120,000

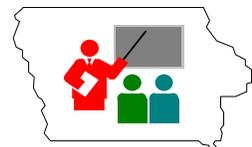
Department of Cultural Affairs

- Impact of 4.3% across-the-board reduction – The Department will absorb the reduction in a variety of ways, including an anticipated savings of \$97,000 from laying off three or four staff. Other anticipated savings include:
 - \$47,000 from elimination of planned purchases, including equipment and computer hardware.
 - \$45,000 from reduced printing expenses, requiring a greater reliance on electronic distribution of information.
 - \$36,000 from a reduction in Community Cultural Grants.
 - \$25,000 from a delay in repairs at historical sites.

The Department will also consider eliminating memberships in national organizations, reducing expenditures for exhibit design and construction, and holding staff positions vacant.

Department of Education

- Impact of 4.3% across-the-board reduction – The Department will absorb the reduction by holding vacant positions open and reducing operating costs such as travel, postage, and printing.
- Federal funding for Vocational Rehabilitation requires a 25.0% match from State, local, and private sources. The estimated net FY 2002 General Fund appropriation to Vocational Rehabilitation of \$4.7 million pulls down \$18.6 million in federal funding. The appropriation was reduced by \$209,000 as a result of the 4.3% across-the-board reduction.



The Division of Vocational Rehabilitation Services is attempting to replace that funding with local or private match dollars to avoid a loss of federal funds.

- Federal funding received under both the Food and Nutrition Program and the Carl Perkins Vocational Technical Act is subject to “maintenance of effort” requirements. Any reduction in the total State expenditure for these programs could result in a loss of federal funding.

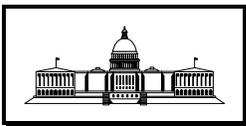
- The FY 2002 4.3% across-the-board reduction to the General Fund appropriation for School Food Service was absorbed by shifting the costs to local school districts. It is anticipated that the reimbursement rate to schools will drop from 3.66 cents to 3.35 cents per meal. Federal Food and Nutrition Program funding in FY 2002 is estimated at \$74.2 million. Further reduction in the State match could result in the loss of all the federal funds.



- Under the Carl Perkins Vocational Technical Act, the State is obligated to spend the same amount each year on vocational education as in the previous year. Reductions in State aid to local school districts and to community colleges may result in a reduction of expenditures for vocational programming. This, in turn, may result in the loss of federal funds in future years. In FY 2002, it is estimated the State will receive \$12.6 million in federal funding under the Act.

House File 759 (FY 2002 Appropriations Adjustment Act) restored \$1.0 million in general aid to community colleges to mitigate the potential loss of Carl Perkins funding resulting from the 4.3% across-the-board reduction. The restored funding was directed to vocational programming. Any reduction in FY 2002 spending on vocational education will reduce the State’s federal award in FFY 2005.

- Senate File 535 (FY 2002 Education Appropriations Act) appropriated \$14.7 million from the General Fund for School-Ready Grants to Community Empowerment Areas in FY 2002. Senate File 537 (Healthy Iowans Tobacco Trust Fund Appropriations Act) appropriated an additional \$1.2 million for the School-Ready Grants. The 4.3% across-the-board reduction was not applied to the General Fund appropriation because the grants had already been distributed in full when the reduction was enacted. Tobacco Trust Fund appropriations were not subject to the reduction. In addition, the Early Childhood Grants to Community Empowerment Areas, funded through the Department of Human Services, were exempted from the reduction due to regulations related to the underlying federal funding.

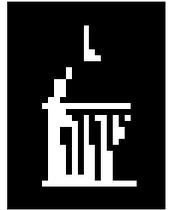


- Tuition increases at Iowa's community colleges are currently averaging 15.0% in FY 2002. All 15 colleges increased tuitions for first semester, and five have implemented additional second semester increases. The Chronicle of Higher Education cites an average tuition rate increase nationwide at two-year public institutions for FY 2002 of 5.8%. Prior to FY 2002, Iowa ranked above the national average in community college tuition rates.

Board of Regents

- Impact of 4.3% across-the-board reduction – The Board plans the following in response to the reduction:

- **University of Iowa (SUI)** – The total reduction for the SUI was \$13.6 million. The majority of the reduction (\$10.9 million) will come from the General University budget unit. While final plans for absorbing the reduction have not been determined, the following items are planned:



- A portion of new tuition revenue will be used to offset the shortfall. Total new tuition revenue for the SUI is estimated to be approximately \$13.5 million for FY 2002. However, approximately \$1.8 million has been designated to offset a shortfall in FY 2001.
- \$1.2 million savings from suspension of six of seven internal grant programs within the Office of the Vice President for Research. The Office will also reduce staffing, grants to graduate students for research instruments, conferences and workshops, travel, publications, recruitment, and vacant positions will not be filled.
- All budget units on campus will eliminate some positions through attrition and retirement and vacant positions will not be filled.
- \$1.1 million savings from reductions in the allocations for instructional equipment, faculty start-up, and the new writing initiative within the Office of the Provost. The Office will also eliminate approximately 165 General Fund supported positions in the academic units through attrition and retirement. The number of courses offered in the spring will be reduced, class sizes will increase, and teaching schedules will be examined and rearranged. A number of new initiatives will also be put on hold such as new equipment for classrooms and laboratories, the new Writing Program, and adding library staff.
- \$1.7 million in building renewal projects will be deferred.

- **Iowa State University (ISU)** – The total reduction for ISU was \$11.1 million. While final plans for absorbing the reduction have not been determined, the following one-time adjustments are planned:



- \$2.8 million of new tuition revenue will be utilized to offset the shortfall. Total new tuition revenue for FY 2002 is estimated to be approximately \$8.2 million. The new tuition revenue was originally planned for new faculty positions, graduate tuition scholarships, and resources for over-enrolled courses.
- \$7.3 million in savings from delay of construction and remodeling projects.
- \$1.3 million in savings from health insurance costs. Iowa State expects lower rate increase in calendar year 2002 than originally budgeted.
- These reductions will result in:
 - Offering 50 fewer courses.
 - Providing assistantships to 26 fewer graduate assistants.
 - Hiring 18 fewer faculty.
 - Delaying construction and remodeling projects.

- **University of Northern Iowa (UNI)** – The total reduction for UNI was \$3.9 million. While final plans for absorbing the reduction have not been determined, the following items are planned:



- Reduced staffing – 150 fewer adjunct faculty for spring semester, 217 fewer classes, larger class sizes, postponed professional development leaves, and overload appointments for permanent faculty. Other staff reductions will include, 4.5 FTE professional and scientific positions, six clerical positions, five custodians, and a boiler operator.
 - Reduced hours for student work.
 - Reduced academic supplies, services, and equipment budgets.
 - Reduced building repair budget.
- **Special Schools** – The Iowa Braille and Sight Saving School and the Iowa School for the Deaf did not receive a reduction for FY 2002. The Governor's 4.3% across-the-board reduction for the Special Schools was restored in HF 759 (FY 2002 Appropriations Adjustment Act) enacted during the Extraordinary Session on November 8, 2001.

- The Board of Regents has received shares of stock as a result of the demutualization of Principal Mutual Holding Company. The Board Office reported the proceeds are approximately \$103.9 million as follows: \$54.1 million for SUI, \$36.5 million for ISU, and \$13.3 million for UNI. The Regents universities have held insurance policies with companies that are a part of Principal for many years. Since Principal was authorized to demutualize, the proceeds have been allocated to policyholders. The Board approved the creation of an endowment at the November 2001 meeting to receive the proceeds. The Board intends to use the funds in the endowment for financial support of employee benefits. The Regent Board docket for November stated "Outside legal counsel and Deputy Attorney General Allen concur in the opinion that while assets received by a public sector institutional policyholder are not covered by the federal Employee Retirement Income Security Act (ERISA), it is likely that a court would follow ERISA requirements if use of the assets were to be litigated."
- 
- Tuition increases. At the November 2001 Board meeting, the Board approved an increase of \$576 (18.5%) in base undergraduate resident tuition for FY 2003. Undergraduate resident tuition will be \$3,692 at each of the institutions beginning the fall semester in 2002. The increase in tuition is estimated to result in new revenue of \$51.3 million as follows:
 - \$23.0 million at SUI.
 - \$20.8 million at ISU.
 - \$7.5 million at UNI.
 - *The Governor is recommending that the cost of approximately one third of the appropriation for Tuition Replacement be transferred to the Restricted Capital Fund of the Tobacco Settlement Trust Fund. Tuition Replacement is an appropriation used to pay the debt service on academic revenue bonds. The total need for FY 2003 is \$26.0 million.*

Statewide educational topics are covered in more detail under Educational Issues in the General Fund Issues Section of this document.

Issue Reviews

The LFB staff for the Education Appropriations Subcommittee completed three ***Issue Reviews*** during the 2001 legislative interim:

- Iowa's System of Libraries
- Iowa Braille and Sight Saving School
- Community College Funding

Copies of the ***Issue Reviews*** are available from the LFB and can also be found on the LFB web site at www.staffweb.legis.state.ia.us/lfb/.

Topic Presentations

The LFB staff for the Education Appropriations Subcommittee maintains and updates ***Topic Presentations*** on the LFB web site. Ten ***Topic Presentations*** relating to education include:

- Board of Educational Examiners
- Community Colleges
- Educational Excellence Program
- Iowa's Historic Sites
- Reading Recovery
- Enrollments at Higher Education Institutions
- Plant Science Initiative at Iowa State University
- Teacher Shortage Forgivable Loans
- Tuition Grant Program
- Tuition Policy at the Board of Regents

Additional ***Issue Reviews*** and ***Topic Presentations*** relating to funding for school districts (school aid) are also available.

Copies of the ***Topic Presentations*** are available from the LFB and can also be found on the LFB web site at www.staffweb.legis.state.ia.us/lfb/.

HEALTH AND HUMAN RIGHTS APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$54.0 million from the General Fund and 1,539.2 FTE positions for the seven departments of the Health and Human Rights Appropriations Subcommittee, a General Fund decrease of \$33.2 million (38.1%) and a decrease of 55.7 (3.5%) FTE positions compared to estimated net FY 2002. The majority of the decrease (\$34.0 million) can be attributed to the Governor's recommendation that the Iowa Veterans Home implement net budgeting.

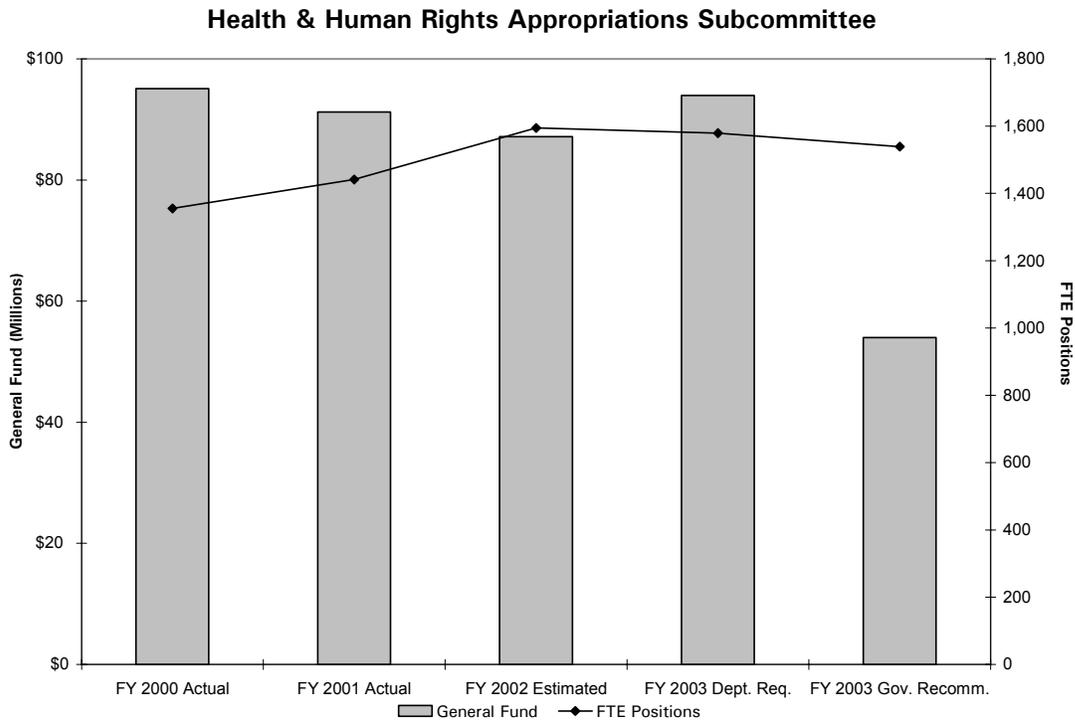
Of the 1,539.2 FTE positions, 62.9 are unappropriated FTE positions in the Department of Human Rights, the Department of Public Health, and the Iowa Veterans Home. These positions are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. The positions are funded with federal and other funds. More information on these FTE positions is available from the LFB upon request.

The Governor is also recommending \$23.8 million from the Healthy Iowans Tobacco Trust Fund, which is a decrease of \$2.0 million (8.4%) compared to estimated net FY 2002. The decrease is due to a one-time appropriation for FY 2002 for the Substance Abuse Treatment Facility in Knoxville. The Governor recommends that the funds unexpended from the FY 2002 one-time appropriation be allowed to carry forward to be used in FY 2003 for the treatment facility. The dollar amount estimated to carry forward is approximately \$1.3 million. In addition, the Governor is recommending \$6.6 million from the Senior Living Trust Fund for the Department of Elder Affairs, an increase of \$1.2 million (22.7%) compared to estimated net FY 2002.

A new concept of funding included in the Governor's recommendation but not included in the Department request, or the Governor's significant modification of a concept or funding included in the Department request, is preceded by the symbol,

❖.

The following graph illustrates the history of General Fund appropriations and FTE positions.



Significant Changes Recommended

1. **Department for the Blind** – A General Fund decrease of \$73,000 and no change in FTE positions compared to estimated net FY 2002. The changes include:
 - A. ❖ A decrease of \$68,000 that will be offset by an increase in federal funds.
 - B. ❖ A decrease of \$5,000 due to salary savings resulting from the retirement of a Power Plant I Engineer.
2. **Civil Rights Commission** – A decrease of \$80,000 and 1.0 FTE position compared to estimated net FY 2002. The changes include:
 - A. ❖ A decrease of \$38,000 and 1.0 FTE position for a Civil Rights Specialist due to the Workforce Attrition Program.
 - B. ❖ A decrease of \$42,000 for enterprise efficiencies. Many agencies that did not have specific savings from reorganization in the Governor’s budget received a reduction for FY 2003 of approximately 3.9% of their estimated net FY 2002 budget.



3. **Department of Elder Affairs** – A General Fund decrease of \$168,000 and 1.2 FTE positions compared to estimated net FY 2002. The changes include:
 - A. ❖ A decrease of \$161,000 to eliminate funding for Alzheimer’s support.
 - B. ❖ A decrease of \$7,000 for the Retired Senior Volunteer Program(RSVP).
 - C. ❖ A decrease of 1.2 FTE positions for State Administration.
 - D. The Governor is also recommending \$6.6 million and 8.0 FTE positions from the Senior Living Trust Fund, an increase of \$1.2 million and no change in FTE positions compared to estimated net FY 2002.

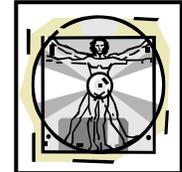
4. **Governor’s Office of Drug Control Policy** – A General Fund decrease of \$51,000 and 2.0 FTE positions compared to estimated net FY 2002. The changes include:

- A. ❖ A decrease of \$30,000 and 2.0 FTE positions to transfer the Violence Against Women Act (VAWA) grant program to the Attorney General’s Office. The \$30,000 is the State administrative match required to draw down the federal VAWA grant funds.



- B. ❖ A decrease of \$21,000 due to enterprise efficiencies. Some agencies that did not have specific savings from reorganization in the Governor’s budget received a reduction for FY 2003 of approximately 3.9% of their estimated net FY 2002 budget.

5. **Department of Public Health** – An increase of \$1.0 million and a decrease of 38.9 FTE positions compared to estimated net FY 2002. The changes include:



- A. A General Fund increase of \$1.1 million and a decrease of 23.0 FTE positions to provide substance abuse treatment to non-violent clients in lieu of prison (Knoxville Substance Abuse Treatment Facility). For FY 2002, this Program was funded with a one-time appropriation from the Healthy Iowans Tobacco Trust Fund. ❖ The Governor is recommending that the monies unexpended from this one-time appropriation for FY 2002 be allowed to carry forward to be used by the Department for the purpose for which it was intended for FY 2003. The dollar amount expected to carry forward is \$1.3 million.
- B. ❖ A decrease of \$137,000 and 1.0 FTE position for enterprise efficiencies to Addictive Disorders due to the retirement of a Physician through the Early Out Program. Many agencies that did not have specific savings from reorganization in the Governor’s budget received a reduction for FY 2003 of approximately 3.9% of their estimated net FY 2002 budget.

- C. ❖ A decrease of 3.0 FTE positions to Addictive Disorders. The Governor's recommendation does not include an increase of 3.0 FTE positions to the Department's estimated net FY 2002 budget that were added as a result of increased federal funds. Senate File 525 (FY 2002 Block Grant/Federal Funds Appropriation Act) authorizes the Department to add additional FTE positions if the Department receives additional federal funds.
 - D. ❖ An increase of \$250,000 to Child and Adolescent Wellness to transfer Child Abuse Prevention Programs from the Department of Human Services to the Department of Public Health.
 - E. ❖ A decrease of \$45,000 and 1.0 FTE position to Community Capacity for a Secretary II due to the Workforce Attrition Program.
 - F. ❖ A decrease of \$66,000 and 1.0 FTE position to Public Protection for a Health Professional Investigator due to the Workforce Attrition Program.
 - G. ❖ A decrease of \$80,000 and 1.0 FTE position to Public Protection due to the retirement of a Public Service Executive III through the Early Out Program.
 - H. ❖ A decrease of \$22,000 and 1.0 FTE position to Resource Management for enterprise efficiencies. The decrease in funding is not directly tied to the reduction in staffing. Due to the reduction in funding, the Department would have insufficient funds to fill the FTE position and therefore will receive the reduction in staff. Many agencies that did not have specific savings from reorganization in the Governor's budget received a reduction for FY 2003 of approximately 3.9% of their estimated net FY 2002 budget.
6. **Department of Human Rights** – A General Fund decrease of \$101,000 and no change in FTE positions compared to estimated net FY 2002. The changes include:
- A. ❖ A decrease of \$78,000 for the Community Grant Fund, which will reduce the funding distributed to the 39 State decategorization boards for local juvenile justice and delinquency prevention programs.
 - B. ❖ A decrease of \$23,000 to the Division on the Status of Women, which will reduce the number of grant awards for the lowans in Transition Program.
6. **Commission on Veterans Affairs** – A decrease of \$33.7 million and 3.3 FTE positions compared to estimated net FY 2002. The changes include:
- A. Iowa Veterans Home
 - 1. An increase of \$492,000 for unfunded FY 2002 salary adjustment.



2. ❖ A decrease of \$125,000 and 2.0 FTE positions for a Nurse Clinician and a Social Worker III through the Workforce Attrition Program.
3. ❖ A decrease of \$30.4 million to change the Home's current system of budgeting to net budgeting. Currently, the Veterans Home receives a General Fund appropriation sufficient to operate the Home for an entire fiscal year (estimated net FY 2002 = \$49.4 million). The Home then receives reimbursements throughout the fiscal year (estimated net FY 2002 = \$30.0 million), primarily from the federal Department of Veterans Affairs, Medicaid, Medicare, and private pay, and returns that amount to the General Fund. This makes the net General Fund appropriation for estimated net FY 2002 approximately \$19.4 million. Under net budgeting, the Veterans Home will receive only the General Fund portion, which it requires to operate when combined with the reimbursements the Home receives. The Home will then retain its reimbursements rather than return them to the General Fund.
4. ❖ A decrease of \$3.7 million for the State's share of Medicaid. This appropriation, under net budgeting, will now be made to the Department of Human Services, which will then reimburse the Home for the like amount.
5. ❖ An increase of \$113,000 for federal indirect costs.
6. ❖ An increase of \$31,000 for unemployment costs.

B. Commission of Veterans Affairs

1. ❖ A decrease of \$64,000 and 1.0 FTE position for an Executive Officer I through the Workforce Attrition Program.
2. ❖ A general decrease of \$11,000 for enterprise efficiencies. Many agencies that did not have specific savings from reorganization in the Governor's budget received a reduction for FY 2003 of approximately 3.9% of their estimated net FY 2002 budget.

Issues

The Health and Human Rights Appropriations Subcommittee may wish to examine the following issues:

Department for the Blind

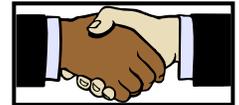
- **FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$79,000. The Department offset the 4.3% budget reduction by leveraging additional federal funds.
- **Services for Iowa's Older Blind Population** – Older Iowans who are blind account for the largest increase in Department referrals, from



56.5% in 1981 to 79.0% in 2001. Given the State's aging population and the prevalence of age-related vision loss in this group, the Department anticipates referrals will continue to increase. The General Assembly may wish to monitor the level of rehabilitation services for older blind lowans because without these services, these individuals are often unnecessarily institutionalized.

Civil Rights Commission

- **FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$49,000. The reduction will be implemented by delaying the filling of a vacant FTE position.



Department of Elder Affairs

- **FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$195,000. The implementation of the reduction was designed to avoid additional funding cuts to the local Area Agencies on Aging for the provision of home and community-based services. The reduction was implemented as follows:
 - Department operations staff will be reduced by \$179,000 through one layoff of a Typist Advanced and by delaying hiring for two vacant FTE positions.
 - A reduction of \$8,000 in funds for the Retired Senior Volunteer Program (RSVP).
 - A reduction of \$7,000 in support funds for the three Alzheimer's Chapters.
- **Impact of Home and Community-Based Services on Medicaid** – Assisted living programs and home and community-based services such as respite care, adult day care, homemaker, chore, and transportation, cost approximately 25.0% of the cost for institutional services for seniors that meet the same levels of care criteria. The General Assembly may wish to consider the potential for limiting the growth of the Medical Assistance Program (Medicaid) budget through increased use of these services. Additionally, the General Assembly may wish to review the processes associated with the Elderly Waiver and the Case Management Program for the Frail Elderly in order to explore options for streamlining these processes and improving client access and provider participation. *The Governor is recommending improvement in services to Iowa's seniors through collaboration with the Area Agencies on Aging to develop a plan of care and defining case management services for elders that seek waiver services under the Medicaid Program. The intended net result would be improved access for seniors and better use of limited staff resources.*



- **Adult Day Services Oversight System** – The 2001 General Assembly passed HF 655 (Adult Day Services Oversight System Act), which directed the Department to implement an adult day services oversight system by July 1, 2002, or at such time as the General Assembly appropriated sufficient funding. The Act did not include an appropriation for FY 2002, and no appropriation was requested for FY 2003. The General Assembly may wish to study the effects of not having an oversight system in place, including the impact on consumer protection and the inability to receive reimbursement for these services through Medicare and long-term care insurance for these services due to the lack of an oversight system.
- **Elder Abuse** – The Department received \$256,000 for FY 2002 from the Senior Living Trust Fund for an Elder Abuse Initiative that will assist in the development of recommendations regarding the current dependent adult abuse law and reporting system. The General Assembly may wish to examine the effectiveness of the Initiative in relation to a decrease in the incidence of elder abuse and monitor efforts for improvements public awareness, prevention activities, and the dependent adult abuse reporting system.
- **Senior Living Program** – The 2001 General Assembly appropriated \$5.3 million to the Department for FY 2002 for the Senior Living Program, which provides home and community-based services for seniors through the local Area Agencies on Aging. Maintenance of effort requirements in Section 28.4(1)(f), Iowa Administrative Code, do not allow the Area Agencies on Aging to use Senior Living Program funds to replace existing funding for long-term care services. In June 2001, the Commission on Elder Affairs waived this maintenance of effort requirement for FY 2002 so Senior Living Program funds could be used to offset a reduction to the Department’s General Fund appropriation for Elderly Services. The Subcommittee may wish to study the potential fiscal impact to Iowa’s Medical Assistance Program (Medicaid) and the potential for premature placement of seniors in nursing facilities that may occur if Senior Living Program funds continue to be used to maintain rather than expand home and community-based services for seniors. *For FY 2003, the Governor is recommending \$6.6 million and 8.0 FTE positions from the Senior Living Trust Fund for the Senior Living Program, an increase of \$1.2 million (22.7%) and no change in FTE positions compared to estimated net FY 2002.*



Governor’s Office of Drug Control Policy

- **FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$22,000 to the operating budget of the Office of Drug Control Policy. In order to accommodate the reduction, federal grant administrative funds were increased, which allowed for the maintenance of current support for programs and ensure compliance with federal grant

guidelines. The decision on how to implement the reduction was based on a plan that would have the least impact on programs and services provided throughout the State.

Department of Human Rights

- **FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$117,000. The reduction was implemented by applying a 4.3% reduction to each of the eight Divisions within the Department that receive General Fund appropriations.
- Despite estimated projections for a reduction in heating costs during the 2001-2002 winter heating season, the Bureau of Energy Assistance indicates that because heating bills increased two to three times last year, a 50.00% reduction will still represent a significant burden for many low-income consumers. In addition, some clients are still in the process of paying off heating bills from last winter. The Bureau expects local Community Action Agencies to have as many applicants for LIHEAP funds as last year and perhaps more due to the current economic situation. As a result, FY 2002 projections for LIHEAP assistance include at least 84,000 eligible households applying for benefits, which is slightly higher than FY 2001.

Department of Public Health

- The 4.3% across-the-board reduction resulted in a decrease of \$1.2 million to the Department of Public Health. The Department plans to implement the reduction by eliminating vacant FTE positions; reassigning FTE positions currently funded with General Fund dollars to positions funded with federal dollars; reducing funding for certain contracts and pilot projects; reducing reimbursements to participants in the Chronic Renal Program; and reducing funding for the Professional Licensure Bureau and the four Examiners Boards.
- **Nursing Shortage** – Examine the nursing shortage in Iowa and its potential impact on public health and examine alternatives to help ameliorate the problem. *The Governor is recommending \$1.0 million in federal funding to address the shortage.*
- **Senior Prescription Corporation** – Examine the plans and operations of the Senior Prescription Corporation (“Iowa Priority”) and its attempt to alleviate some of the cost Iowa seniors pay for prescription drugs.
- **Security** – Examine security efforts taken by the Department as it relates to bio-terrorism in light of the events of September 11, 2001.



- Substance Abuse Treatment Facility in Knoxville** – Examine the operations and future funding requirements of the treatment facility. For FY 2002, the Department received \$2.0 million from the Healthy Iowans Tobacco Trust Fund and was authorized for 60.0 FTE positions for the initial start-up of the treatment facility. For FY 2003, the Department estimates it will require a total of \$3.8 million to operate the facility. This would be an increase of \$1.8 million (90.0%) compared to estimated FY 2002; however, since the \$2.0 million appropriated for FY 2002 was from a one-time funding source, the Department is requesting \$3.8 million from the General Fund for FY 2003. *The Governor is recommending \$1.1 million from the General Fund for the Substance Abuse Treatment Facility. The Governor is also recommending that the one-time funding from FY 2002 be allowed to carry forward and be used for the same purpose for FY 2003. The estimated carry-forward is \$1.3 million.*
- Substance Abuse Prevention** – *The Governor is recommending \$3.0 million in federal funding to strengthen substance abuse prevention efforts for 12 to 17 year old Iowans. The money will go to communities for prevention of substance abuse and will be directed towards alcohol, tobacco, and marijuana use.*
- Abandoned Wells Program** – *The Governor is recommending that this Program be transferred from the Department of Natural Resources to the Department of Public Health. Funding will be transferred from the Groundwater Protection Fund to the Department of Public Health.*



Commission of Veterans Affairs

- FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction resulted in a decrease of \$12,700 for the Commission. The reduction will be implemented by delaying the filling of the Executive Officer I position.

Iowa Veterans Home

- FY 2002 Budget Reduction Impact** – The 4.3% across-the-board reduction was completely restored by the General Assembly in the November 8, 2001, Second Extraordinary Session.
- Costs of Drugs and Medical Supplies** – Examine the increase in costs for pharmaceuticals, which has increased at a rate of approximately 18.0% per year. Increased costs are generated by both the use of new medications and inflation of current medication costs.
- Budget** – Examine the Home's budget and the relationship between General Fund reductions and reduced revenues returned to the General Fund. If the Home receives a General Fund reduction and implements the reduction by closing beds, then the result will be a reduction in revenues that will be returned



to the General Fund. *The Governor is recommending the Home implement net budgeting. This will result in a decreased appropriation to the Home and a decrease in revenue to the General Fund in the like amount. The Veterans Home will receive a smaller General Fund appropriation, but will retain all reimbursements for operating the Home. The Governor's recommendation will allow the Veterans Home to deficit spend during the fiscal year in case the Home does not receive reimbursements in time to cover costs. However, the Home must maintain a zero balance at the end of the fiscal year. The Home will also be allowed to carry forward up to \$500,000 each fiscal year to help cover any unforeseen costs that may arise during the fiscal year.*

- **Recruiting and Retaining Nursing Related and Pharmacist Positions** – Examine the effect of the nursing shortage and pharmacist shortage on the Iowa Veterans Home.
- **Interagency Billing** – Examine the impact of interagency billing on the Veterans Home budget. In FY 2001, the Home was billed over \$1.0 million by other State agencies. As State budgets have been reduced, dollars billed to the Home by other agencies have increased. This increase occurs after the appropriations bills have been passed and results in an unforeseen expenditure for the Home.



Issue Reviews

The LFB completed the following **Issue Reviews** related to the Health and Human Rights Appropriations Subcommittee during the 2001 legislative interim:

- Dependent Adult and Elder Abuse
- Iowa Department for the Blind
- Iowa Nursing Shortage
- Iowa Veterans Home Budget
- Low-Income Home Energy Assistance Program
- Senior Living Trust Fund

Copies of the **Issue Reviews** are available from the LFB and can also be found on the LFB web site at www.staffweb.legis.state.ia.us/lfb/.

Topic Presentations

The LFB maintains and updates **Topic Presentations** available on the LFB web site. Presentations relating to the Health and Human Rights Subcommittee include:

- Community Action Agencies
- Health & Human Rights Appropriations Subcommittee
- Lead Poisoning
- Maternal and Child Health Clinics
- Methamphetamine Use in Iowa
- Healthy Opportunities for Parents to Experience Success (HOPES) Program/Healthy Families Iowa (HFI)
- Veterans Home

HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE

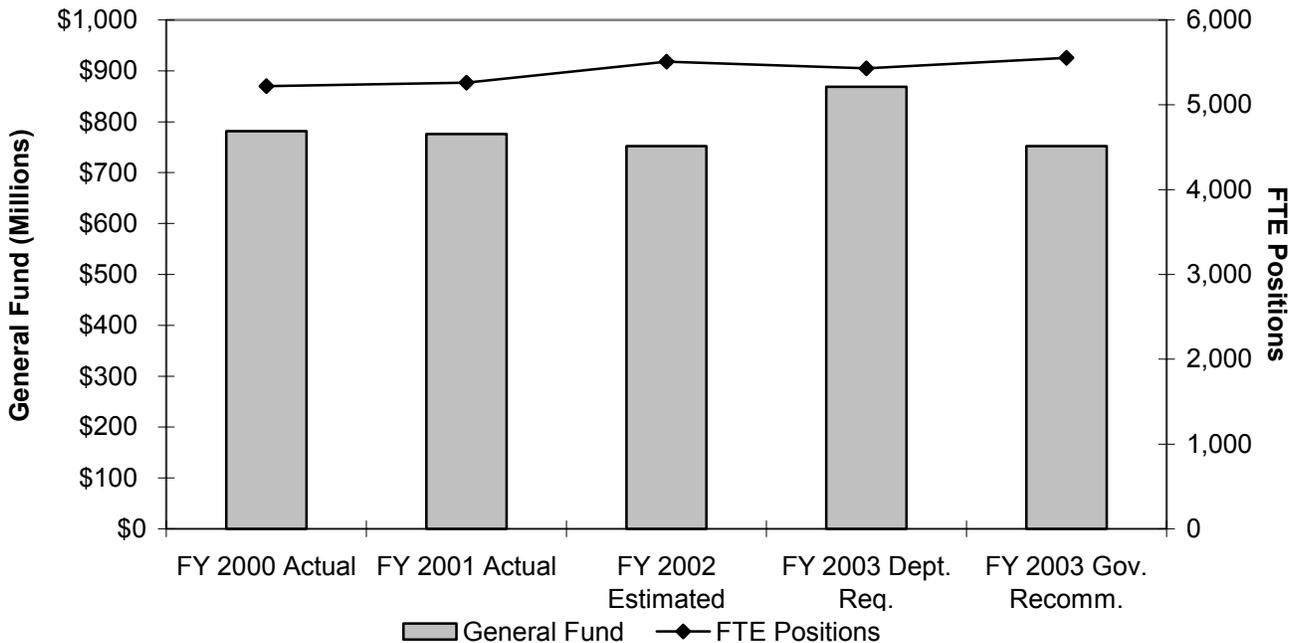
FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending \$758.5 million from the General Fund and 5,554.5 FTE positions for FY 2003. This is a decrease of \$126,000 (0.0%) and a decrease of 359.3 FTE positions (6.1%) compared to estimated net FY 2002. This includes 173.1 unappropriated FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by federal funds. More information on the FTE positions is available from the LFB upon request.

A new concept of funding included in the Governor's recommendation but not included in the Department request, or the Governor's significant modification of a concept or funding included in the Department request, is preceded by the symbol, ❖.

The following graph illustrates the history of General Fund appropriations and FTE positions.

Human Services Appropriations Subcommittee



❖ The Governor is recommending \$36.4 million from the Healthy Iowans Tobacco Trust Fund, which is an increase of \$3.6 million compared to estimated net FY 2002. The \$3.6 million is for the Department to prepare for the management information system changes necessary to comply with the federal Health Insurance Portability and Accountability Act (HIPAA).

❖ The Governor is recommending a supplemental appropriation for FY 2002 of \$13.6 million from the portion of the tobacco settlement funds that are transferred to the Endowment for Healthy Iowans and \$12.0 million for FY 2003 for Medical Assistance (Medicaid).

❖ In addition, the Governor is recommending \$56.5 million from the Senior Living Trust Fund, which is an increase of \$10.0 million compared to estimated net FY 2002. The increase is used to decrease the amount necessary from the State General Fund for Medical Assistance (Medicaid).

❖ The Governor recommends an appropriation of \$25.0 million from the Hospital Trust Fund created during the Second Extraordinary Session to decrease the amount necessary from the State General Fund for Medical Assistance (Medicaid).

The following lists significant FY 2003 funding changes by budget unit. Unless otherwise indicated, all funding changes are recommended from the General Fund:

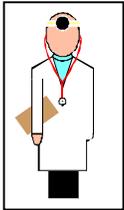
Significant State Funding Changes Recommended

1. **Economic Assistance** – An increase of \$288,000 (0.7%) and a decrease of 2.0 FTE positions (0.05%) compared to estimated net FY 2002. This includes:

A. Family Investment and Promise Jobs Programs – An increase of \$693,000 and a decrease of 2.0 FTE positions. This includes:

1. An increase of \$1.6 million to restore the 4.3% across-the-board reduction in FY 2002.
2. A decrease of \$1.7 million for an increase in child support recoveries.
3. ❖ An increase of \$537,000 for Statewide expansion of the Food Stamps Electronic Benefit Transfer Program.
4. An increase of \$300,000 to fund technology needs and to meet federal requirements for Welfare Reform.
5. A decrease of \$100,000 for changes in the Food Stamp Employment and Training, Workfare transportation allowance, and for a reduction in the number of counties participating in the Workfare Program.

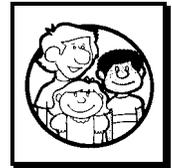


6. ❖ An increase of \$124,000 due to changes in the federal match rate.
 7. ❖ A decrease of \$68,000 to eliminate fees for electronic benefit transfers and funeral costs.
 8. ❖ A decrease of 2.0 FTE positions due to the elimination of welfare reform evaluations.
- B. Emergency Assistance Program – A decrease of \$10,000 to eliminate this Program for FY 2003.
- C. ❖ Child Support Recovery Unit – A decrease of \$396,000 for transfer to the Field Operations appropriation, and no change in FTE positions. 
2. **Medical Services** – A decrease of \$2.6 million (0.6%) and a decrease of 8.0 FTE positions (26.7%) compared to estimated net FY 2002. This includes:
- A. Medical Assistance – A decrease of \$ 9.2 million. This includes:
1. An increase of \$18.6 million to restore the 4.3% across-the-board reduction in FY 2002.
 2. An increase of \$52.0 million for provider reimbursements due to increased eligibles and utilization. 
 3. An increase of \$1.5 million for the Breast and Cervical Cancer Program.
 4. An increase of \$6.7 million for pharmaceuticals due to an estimated inflation increase of 19.5% for the drug product cost.
 5. An increase of \$5.3 million for increased waiver expenditures.
 6. An increase of \$1.6 million for increased eligibles for the Medicaid for Employed Persons with Disabilities Program.
 7. A decrease of \$6.8 million due to an increase in the federal Disproportionate Share for Hospitals allotment to Iowa.
 8. ❖ A decrease of \$5.1 million for an increase in the federal match rate percentage.
 9. ❖ An increase of \$3.7 million for Iowa Veterans Home going to net budgeting. The Iowa Veterans Home will receive less direct appropriation in FY 2003 and these funds are required to maintain the budget recommended.
 10. ❖ A decrease \$25.0 million for hospital upper payment limit. The Department has amended the Iowa Medicaid State Plan to request this change. There has been no federal approval at this time.

11. ❖ A decrease of \$10.0 million for Senior Living Trust Fund. The Governor is recommending this source of funds instead of the General Fund.
12. ❖ A decrease of \$12.0 million for Tobacco Settlement Fund. The Governor is recommending this source of funds instead of the General Fund.
13. ❖ A decrease of \$40.0 million for increased other funding sources or decreased expenditures. The Governor anticipates collaboration with the Legislature to deal with this recommendation.

B. Children's Health Insurance Program – An increase of \$5.7 million. This includes:

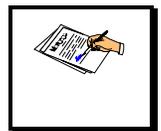
1. A decrease of \$1.2 million due to an anticipated carryforward of unexpended FY 2002 funds in the Healthy and Well Kids in Iowa (*hawk-i*) Trust Fund.
2. An increase of \$2.0 million due to increased eligibles for Medicaid expansion. The FY 2003 budget request assumes an average monthly enrollment of 10,300 children in the Medicaid expansion portion of this budget.
3. An increase of \$5.2 million for anticipated increased enrollment in the *hawk-i* Program. The FY 2003 budget request assumes an average monthly enrollment of 19,400 children in the *hawk-i* portion of this budget.
4. An increase of \$345,000 for anticipated increased enrollment of infants in the Children's Health Insurance Program. The FY 2003 budget request assumes an average monthly enrollment of 400 infants.
5. ❖ A decrease of \$191,000 for an increase in the federal match percentage.
6. ❖ A decrease of \$386,000 for a change in projection by the Department of Human Services.



C. Medical Contracts – ❖ No change in funding and a decrease of 8.0 FTE positions that were authorized but never filled.

D. State Supplementary Assistance – An increase of \$841,000. This includes:

1. An increase of \$368,000 due to federal maintenance of effort requirements. Residential Care and In-Home Health



Related Care maximum reimbursement rates would increase 1.3%.

2. A decrease of \$368,000 due to reduced caseload.
3. An increase of \$841,000 to restore the 4.3% across-the-board reduction within Medical Assistance.

3. **Serving Adults, Children, and Families** – A decrease of \$622,000 (0.5%) and 12.5 FTE positions (3.4%) compared to estimated net FY 2002. This includes:

- A. Child Care Services – An increase of \$217,000 to restore the 4.3% across-the-board reduction in FY 2002.
- B. Juvenile Home in Toledo – ❖ A decrease of \$24,000 and 0.5 FTE position to annualize the FY 2002 4.3% across-the-board reduction.
- C. State Training School in Eldora – A decrease of \$92,000 and 11.0 FTE positions. This includes:
 1. ❖ A decrease of \$49,000 and 10.0 FTE positions to annualize the FY 2002 across-the-board reduction.
 2. ❖ A decrease of \$43,000 and 1.0 FTE position to eliminate the retirement attrition position.
- D. Children and Family Services – A decrease of \$212,000. Changes within the line-item include:
 1. An increase of \$2.1 million for the increased caseload for the adoption subsidy.
 2. An increase of \$605,000 for management information costs.
 3. ❖ An increase of \$2.2 million to replace federal funds for the number of children no longer eligible for federal financial participation for various programs.
 4. A decrease of \$604,000 for changes in federal match rates for various costs associated with contracts and services.
 5. A decrease of \$500,000 to utilize federal Child Care Development Fund monies for child care subsidy of subsidized adopted children in lieu of State funds.
 6. A decrease of \$115,000 for completion of the phase-out of the Parent-Child Visitation Program.
 7. A decrease of \$308,000 to utilize federal Promoting Safe and Stable Families Act monies for various adoption recruitment and child abuse prevention expenditures in lieu of State funds.



8. A decrease of \$1.3 million for a reduction in delinquency services.
 9. ❖ A decrease of \$1.7 million for an increase in the match rate for school-based liaisons.
 10. ❖ A decrease of \$377,000 for an additional increase in federal match rate determined after the Department request deadline.
 11. ❖ A decrease of \$212,000 for transferring quality assurance contracts to the Department of Public Health.
- E. Community Based Services – A decrease of \$511,000 and 1.0 FTE position by eliminating the line-item appropriation in total. This includes:
1. An increase of \$23,000 to restore the 4.3% across-the-board reduction in FY 2002.
 2. A decrease of \$218,000 by eliminating the statewide media campaign and evaluation of the Teen Pregnancy Prevention grants.
 3. ❖ A decrease of \$316,000 and 1.0 FTE position to transfer prevention programs to the Department of Public Health.
- F. Family Support Subsidy – No change in funding. This includes:
1. An increase of \$61,000 to restore a portion of the 4.3% across-the-board reduction in FY 2002.
 2. A decrease of \$61,000 for suspension of additional families into the Family Support Subsidy Program.
4. **Services for Persons with Mental Illness/Mental Retardation/Developmental Disabilities/Brain Injuries** – An increase of \$3.3 million (3.5%) and a decrease of 83.6 FTE positions (3.5%) compared to estimated net FY 2002. This includes:
- A. Connors Training – No change.
- B. Cherokee Mental Health Institute – A decrease of \$44,000 and 20.8 FTE positions. This includes:
1. ❖ A decrease of 19.8 FTE positions to reflect the positions remaining after the 4.3% across-the-board reduction.
 2. ❖ A decrease of \$44,000 and 1.0 FTE position to eliminate the retirement attrition position.
- C. Clarinda Mental Health Institute – A decrease of \$183,000 and 4.5 FTE positions. This includes:



1. ❖ A decrease of \$142,000 and 3.5 FTE positions to annualize the 4.3% across-the-board reduction.
 2. ❖ A decrease of \$41,000 and 1.0 FTE position to eliminate the retirement attrition position.
- D. Independence Mental Health Institute – An increase of \$994,000 and 8.3 FTE positions. This includes:
1. ❖ A decrease of \$240,000 and 19.7 FTE positions to annualize the 4.3% across-the-board reduction.
 2. ❖ A decrease of \$3,000 to reflect an increase in the federal match rate.
 3. ❖ A decrease of \$63,000 and 1.0 FTE position to eliminate the retirement attrition position.
 4. ❖ An increase of \$1.3 million and 29.0 FTE positions to relocate 20.0 psychiatric beds from the Mount Pleasant Mental Health Institute beginning September 2002.
- E. Mount Pleasant Mental Health Institute – A decrease of \$3.5 million and 78.6 FTE positions. This includes:
1. ❖ A decrease of \$158,000 and 7.4 FTE positions to annualize the 4.3% across-the-board reduction.
 2. ❖ A decrease of \$106,000 and 2.0 FTE positions to eliminate the retirement attrition positions.
 3. ❖ A decrease of \$3.2 million and 69.2 FTE positions by closing the substance abuse unit July 2002 and closing the dual diagnosis unit November 2002.
- F. State Resource Center at Glenwood – A decrease of \$1.8 million and 4.0 FTE positions. This includes:
1. ❖ An increase of \$9,000 to restore a portion of the 4.3% across-the-board reduction in FY 2002.
 2. A decrease of \$1.6 million due to an increase of federal receipts available from the FY 2002 salary funds.
 3. ❖ A decrease of \$199,000 due to a change in the federal match rate.



4. ❖ A decrease of \$7,000 and 4.0 FTE positions to eliminate retirement attrition positions.
- G. State Resource Center at Woodward – A decrease of \$1.6 million and 3.0 FTE positions. This includes:
1. ❖ An increase of \$10,000 to restore a portion of the 4.3% across-the-board reduction in FY 2002.
 2. A decrease of \$1.5 million due to an increase of federal receipts available from the FY 2002 salary funds.
 3. ❖ A decrease of \$152,000 due to a change in the federal match rate.
 4. ❖ A decrease of \$6,000 and 3.0 FTE positions to eliminate retirement attrition positions.
- H. Developmental Disabilities Special Needs Grants – ❖ No change in funding.
- I. State Cases Program – ❖ An increase of \$1.9 million due to projected increases in county referrals to the Program for mentally ill, mentally retarded, and developmentally disabled populations and increased cost per service.
- J. Mental Health and Developmental Disabilities Community Services Fund – ❖ No change in funding.
- K. Personal Assistance Services Program – A decrease of \$89,000. This includes:
1. An increase of \$11,000 to restore the 4.3% across-the-board reduction in FY 2002.
 2. A decrease of \$100,000 to continue the phase-out of this Pilot Program.
- L. Sexual Predator Commitment Program – An increase of \$2.1 million and 19.0 FTE positions. This includes:
1. An increase of \$350,000 to replace one-time carryforward funding from FY 2001.
 2. An increase of \$103,000 to annualize the salary cost of 5.0 FTE positions added in FY 2002.
 3. An increase of \$469,000 for costs incurred while increasing the number of clients in FY 2003.
 4. An increase of \$467,000 and 11.0 FTE positions for additional staff.



5. An increase of \$118,000 and 1.0 FTE position for a community residential placement program.
6. ❖ An increase of \$650,000 and 7.0 FTE positions for relocation of the Sexual Predator Commitment Program from Oakdale to the Mental Health Institute at Mount Pleasant.
7. ❖ A decrease of \$12,000 to annualize the 4.3% across-the-board reduction.

❖ The Governor's recommendation also includes the use of \$1.4 million from the Healthy Iowans Tobacco Trust for relocation costs of the Sexual Predator Commitment Program.

- M. **Mental Health Property Tax Growth** – ❖ An increase of \$5.5 million. The Governor's recommendation reflects the original FY 2003 appropriation increase. With the 4.3% across-the-board reduction, the appropriation enacted in HF 755 (FY 2002 Standing Appropriations Act) is an increase of \$5.9 million for FY 2003. The Governor's recommendation will require amending HF 755. The increase is for expected increased mental health costs associated with new clients and inflation. The Governor recommends an allowed growth for FY 2004 of 3.0%, or an increase of \$6.9 million (47.4% increase of the line-item appropriation) compared to the Governor's FY 2003 recommendation.
- N. **Child Abuse Centralized Intake** – ❖ The Governor's recommendation is no funding and eliminates the line-item appropriation. The FY 2002 appropriation is contingent upon enactment of a centralized intake system by the 2002 General Assembly.

5. **Managing and Delivering Services** – A decrease of \$468,000 (0.7%) and of 261.5 FTE positions (10.4%) compared to estimated net FY 2002. Since approval of the request by the Council on Human Services, the Department of Human Services and the Office of the Governor have initiated a reorganization of the Department during FY 2002 and completion in FY 2003. The General Assembly enacted a supplemental FY 2002 appropriation of \$3.0 million in the Second Extraordinary Session meeting in November for the Field Operations budget unit. The FY 2002 appropriation comparison reflects the inclusion of the \$3.0 million supplemental appropriation. The Governor's recommendation includes:

- A. **Field Operations** – An increase of \$536,000 and a decrease of 232.5 FTE positions. The significant changes include:

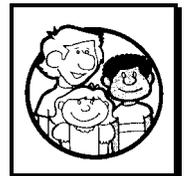
1. ❖ A decrease of 208.5 FTE positions to reflect the expected FTE positions within the line item.
 2. ❖ An increase of \$1.2 million for the transfer of funds from the Child Support Recovery line-item and the General Administration line-item.
 3. ❖ A decrease of \$282,000 and 14.0 FTE positions for transfer of child care licensure duties to the Department of Inspections and Appeals.
 4. ❖ A decrease of \$382,000 and 10.0 FTE positions for elimination of the retirement attrition positions.
- B. General Administration – ❖ A decrease of \$1.0 million and 29.0 FTE positions. This includes:
1. A decrease of 2.0 FTE positions due to retirements during FY 2002.
 2. ❖ A decrease of \$768,000 and 6.0 FTE positions due to transfer to the Field Operations appropriation.
 3. ❖ A decrease of \$195,000 and 5.0 FTE positions due to transfer of functions to the Department of Inspections and Appeals.
 4. ❖ A decrease of 16.0 FTE positions due to reorganization in FY 2002.



Issues

The Human Services Appropriations Subcommittee may wish to examine the following issues:

- **Children’s Health Insurance Program (CHIP):** The 1998 General Assembly appropriated \$7.0 million to the Iowa’s Children’s Health Insurance Program in FY 1999 to provide health insurance to low-income children. At the time the appropriation was made, the DHS estimated that as many as 54,000 children could be eligible for the Program, and that enrollment would continue over a period of years. As of September 30, 2001, 21,620 children had enrolled in Iowa’s Program. Children’s Health Insurance Program expenditures for FY 2001 were \$15.9 million. The DHS had under expended the FY 1998 federal allotment by \$6.1 million, which was attributed to slower than anticipated enrollment. These funds were subject to reversion to the federal Children’s Health Insurance Program redistribution account in January 2001. Recent federal legislation has permitted states to retain \$4.0 million of the unspent 1998 allocation. The budget request is based



on 30,100 children being enrolled in the Program by the end of FY 2003. *The Governor's budget recommendation is based on 28,100 children being enrolled in the Program by the end of FY 2003.*

- **Medicaid Expenditures:** Final FY 2001 General Fund expenditures for the Medical Assistance Program were \$403.3 million (100.7%) of budget. This Program had a budget deficit of \$23.8 million. To fund the budget deficit, the DHS requested:



- Transfers of \$2.8 million from various budget units within the DHS to the Medical Assistance appropriation.
- Transfer of \$15.9 million from Nursing Facility Conversion appropriation made from the Senior Living Trust Fund.
- Transfer of \$5.1 million from the Tobacco Settlement Fund appropriation made from the Tobacco Settlement Trust Fund.

The DHS indicates expenditures exceeded the appropriation primarily due to increased enrollment into the Program and increased utilization of services such as inpatient hospitalization, outpatient hospitalization, and physician services was higher than anticipated. The DHS expects the increased utilization to continue in FY 2002, resulting in a deficit of \$35.0 million, as of January 2002 compared to the FY 2002 General Fund appropriation. The \$35.0 million shortfall does not include the \$18.6 million across-the-board reduction to Medical Assistance. The General Assembly may wish to study options to control costs of the Medical Assistance Program, including maximization of federal match rates, reduction of provider reimbursement rates, increase in co-pays for certain services, and the elimination of optional services and optional eligible groups.



- **Mental Health Funding Inflation:** The General Assembly is scheduled to consider a mental health allowed growth factor for FY 2004. The 2001 General Assembly enacted a modification of the FY 2002 allowed growth factor with distribution dependent upon the balances of the individual 99 county Mental Retardation and Developmental Disabilities Services Funds compared to the gross expenditures of the counties. The General Assembly may wish to review the distribution of the FY 2002 allowed growth amounts and the expected balances of the 99 county Mental Retardation and Developmental Disabilities Services Funds when determining the growth factor for FY 2004. *The Governor recommends an allowed growth of 3.0% or \$6.9 million for FY 2004. This is an increase of 47.4% of the allowed growth line-item appropriation after calculating the growth against the sum of the original base and the FY 2003 allowed growth appropriation.*

- **State Cases Program:** The State Cases Program appropriation pays for services to persons with mental health, mental retardation, or developmental disabilities who have not established legal residence in an Iowa county. The DHS does not anticipate leveling of the growth trend in the near future. The General Assembly may wish to study options to control the costs of the State Cases Program, including possible removal of statutory requirements that once a person is eligible for the State Cases Program, the person remains eligible until departure from the State. *The Governor recommends an increase of \$1.9 million for FY 2003 for the State Cases Program.*
- **Restoration of the 4.3% across-the-board reduction in FY 2002:** In October, the Governor issued Executive Order #24 requiring all Executive Branch agencies to reduce each State General Fund line-item appropriation by 4.3%. For the Department of Human Services, that action reduced the FY 2002 appropriations to the Department by \$31.0 million. In addition, the Department estimates that \$34.3 million of federal funds for State Fiscal Year 2002 will be lost due to several of the appropriations that are matched with federal funds when expended. The Department has taken steps by action of the Council on Human Services and the administrative rules to reduce various expenditures as well as plans for transfer of funds between budget units to reduce the budgeted expenditures. In addition, in October the Department, the Council, and the Governor announced a reorganization plan in part to decrease expenditures of the internal and field staff of the Department. During the November 8 Second Extraordinary Session, the General Assembly enacted a FY 2002 Supplemental Appropriation from the General Fund of \$3.0 million for Field Operations. These funds are to replace:
 - A portion of the revenues which had been planned on by federal matching funds for targeted case management efforts in FY 2002 that may not occur.
 - A portion of a loss compared to expected federal funds for cost allocations.
 - And a portion of the 4.3% across-the-board reduction.



The supplemental appropriation is expected to be used to maintain the “front line” FTE positions for Field Operations.

Action was taken on January 16, 2002, by the DHS Council on Human Services to reduce reimbursement rates for most providers by 13.2% effective February 1, 2002 through the rest of FY 2002. The estimated savings of \$18.6 million will offset the impact of the across-the-board reductions in FY 2002 for Medical Assistance and State Supplementary Assistance line-item appropriations. This amount also does not include the January shortfall estimate for FY 2002 by the Department of Human Services, the Department of Management, and the Legislative Fiscal Bureau, of \$35.0 million in Medicaid. The \$35.0 million shortfall does not include the \$18.6 million across-the-board reduction to

Medical Assistance. "Federal maintenance of effort" requires a State to expend no less in a fiscal year than was expended the previous fiscal year.

The members of the General Assembly and the Office of the Governor held meetings on November 15 and 16, and December 3 for purposes of possible action to review solutions for the amount of Medicaid funding impacted by the across-the-board reduction as well as long-term proposals. The workgroup provided a list of possible changes in revenue and reductions in expenditures to the Governor and General Assembly. A detailed list is available from the Legislative Fiscal Bureau.

Issue Reviews

The LFB completed six ***Issue Reviews*** during the 2001 legislative interim dealing with:

- Child Support Guidelines
- Visitation and Custody Mediation
- Child Support Recovery
- Senior Living Trust Fund
- Child Care Facility Inspections
- Child protection Centralized Intake Unit

Copies of the ***Issue Review*** are available from the LFB and can be found on the web site.

Topic Presentations

The LFB maintains and updates ***Topic Presentations*** available on the LFB web site. Presentations relating to the Human Services Subcommittee include:

- Community Empowerment
- Medicaid Waivers
- The State Children's Health Insurance Program (SCHIP)
- Mental Health Funding

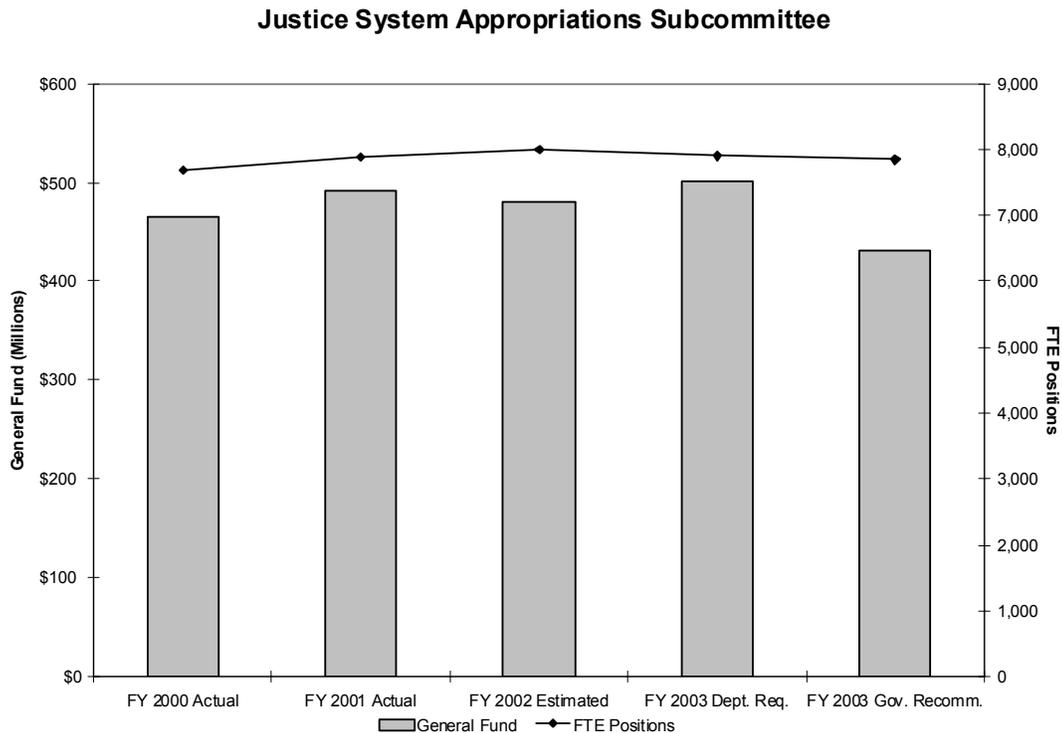
JUSTICE SYSTEM APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATION

The Governor is recommending \$431.5 million from the General Fund and 7,970.7 FTE positions, a decrease of \$49.5 million (10.3%) and 144.1 (1.8%) FTE positions compared to estimated net FY 2002. This includes 100.1 unappropriated FTE positions that are not appropriated by the General Assembly but are reflected in the FTE tracking document in Appendix A. These positions are funded by either federal, restricted, revolving, or other funds. In addition to the positions listed above, there are 34.2 unappropriated FTE positions that are 100.0% federally funded or are income-based within Public Defense. More information on these FTE positions is available from the LFB upon request. The Department of Corrections is also requesting \$610,000 from the Healthy Iowans Tobacco Trust Fund, which is no change compared to estimated net FY 2002.

A new concept of funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

The following graph illustrates the history of the General Fund appropriations and FTE positions.



Significant General Fund Changes Recommended

1. **Department of Justice** – A decrease of \$839,000 and an increase of 6.0 FTE positions compared to the estimated net FY 2002 appropriation. The major changes include:
 - A. ❖ A decrease of \$522,000 for Enterprise Efficiency Reductions for the following areas: Office of the Attorney General, Legal Services Poverty Grant Program, Victim Assistance Grants Program, Prosecuting Attorney Training Program, Area Office of Drug Control Policy Prosecuting Attorney Program, and the Office of the Consumer Advocate. The Enterprise Efficiency Reduction is a 3.8% across-the-board reduction on selected departments.
 - B. ❖ An increase of \$30,000 and 2.0 FTE positions to transfer the Violence Against Women Act Program functions from the Office of Drug Control Policy to the Victim Assistance Grants Program.
 - C. ❖ An increase of \$53,000 to transfer funds from the Central Administrative Division in the Department of Commerce to the Office of the Consumer Advocate.
 - D. A decrease of \$400,000 to eliminate the FY 2002 one-time supplemental appropriation for the Office of the Consumer Advocate for reviewing emissions and budget plans for proposed new generating plants.
 - E. An additional 4.0 FTE positions funded from the Victim Compensation Fund. This is an increase of 20.0% compared to current law.
2. **Department of Corrections** – An increase of \$4.8 million (2.0%) and 50.6 FTE positions (1.2%) compared to the estimated net FY 2002 appropriation. The major changes include:
 - A. An increase of \$2.0 million to replace the FY 2001 supplemental appropriation for the Iowa State Penitentiary at Fort Madison. The Institution's FY 2002 budget was reduced by \$2.0 million, and a FY 2001 supplemental appropriation was provided with a non-reversion clause during the 2001 Legislative Session.
 - B. ❖ A decrease of \$305,000 and 6.0 FTE positions for savings related to the Workforce Attrition Program at Fort Madison, Oakdale, Newton, Rockwell City, and Mitchellville.
 - C. An increase of \$23,000 and 2.5 FTE positions to annualize operating costs for the new 25-bed Residential Treatment Facility for Women in Council Bluffs. The FY 2002 budget included 10 months of funding to



operate the facility. The requested increase of \$23,000 includes the reduction of \$99,000 for FY 2002 one-time costs.

- D. ❖ An increase of \$3.9 million and 71.1 FTE positions to operate the 200-bed Special Needs Unit at the Iowa State Penitentiary at Fort Madison. The Special Needs Unit was authorized by the General Assembly to comply with a federal court order to meet treatment and security needs of high risk, high needs inmates. The Governor is proposing to phase-in 102 staff to treat 200 special needs inmates over 11 months starting in August 2002. This recommendation will require additional funding in FY 2004 to annualize staffing and support costs. This recommendation is based on a recent federal court ruling that requires that all of the new 200 beds be utilized.
- E. ❖ A decrease of \$649,000 and 16.5 FTE positions to reflect staff savings associated with installing a perimeter security fence at Fort Madison, Anamosa, and Mount Pleasant. This recommendation assumes the fences will be installed by January 2003, and reflects six months of savings.
- F. ❖ A transfer of \$730,000 from Fort Dodge to Anamosa and Rockwell City to reallocate funding based on the average inmate population at the three prisons.
- G. ❖ A reduction of \$86,000 at Fort Madison to reflect the reversion of \$86,000 to the General Fund due to the 4.3% across-the-board reduction on the balance brought forward (FY 2001 supplemental appropriation).
- H. ❖ A reduction of \$38,000 and 1.0 FTE position in Central Office for savings related to the Workforce Attrition Program.
- I. ❖ A transfer of \$420,000 and 7.0 FTE positions to merge the Corrections Training Center into Central Office.
- J. A transfer of \$50,000 and 0.6 FTE position from the Corrections Training Center at Mount Pleasant to the Mount Pleasant Correctional Facility. This recommendation reflects an adjustment in shared services if the Corrections Training Center is moved to another location.
- K. A reduction of 10.0 FTE positions to reflect positions that were laid off and/or eliminated during FY 2002 at Rockwell City, Mitchellville, and the Eighth CBC District Department.
- L. ❖ An increase of 17.0 FTE positions for the Fifth Judicial District Department to convert contracted



positions at the Women's Residential Facility to District Department employees.

3. **Judicial Branch** – An increase of \$1.5 million compared to the estimated net FY 2002 appropriation. Changes include:
 - A. \$781,000 for new funding for ongoing building costs including heat, air conditioning, electricity, and building maintenance.
 - B. \$670,000 for the Judicial Retirement Fund. The employer contribution percentage rate will be 18.7%, which is the rate reported in the actuarial report.
4. ❖ **Board of Parole** – A decrease of \$9,000 and no change in FTE positions compared to the estimated net FY 2002 appropriation. The reduction is for Enterprise Efficiencies.
5. ❖ **Department of Public Safety** – The Governor is recommending \$6.7 million and 109.8 FTE positions, which is no change compared to the estimated net FY 2002 appropriation for these four areas of Public Safety: Division of Narcotics Enforcement, Fire Marshal, Fire Fighter Training, and Fire Service. There is 1.0 unappropriated FTE position for the Peace Officers Retirement Fund. A total of \$55.0 million and 841.0 FTE positions are transferred from the General Fund to the Motor Vehicle Use Tax for the Iowa State Patrol, the Division of Criminal Investigation, the Capitol Police, and Administration. Changes include:
 - A. Administration
 1. ❖ A transfer of \$2.5 million from the General Fund to be funded from the Motor Vehicle Use Tax.
 2. ❖ A reduction of \$41,000 and 1.0 FTE position due to the Workforce Attrition Program.
 - B. Iowa State Patrol
 1. ❖ A transfer of \$38.2 million from the General Fund to be funded from the Motor Vehicle Use Tax.
 2. ❖ A reduction of \$279,000 and 4.0 FTE positions due to the Workforce Attrition Program.
 - C. Division of Criminal Investigation
 1. ❖ A transfer of \$12.8 million from the General Fund to be funded from the Motor Vehicle Use Tax.
 2. ❖ An increase of \$240,000 to merge the Automated Fingerprint Information System with the Division of Criminal Investigation Operational Appropriation.

- D. ❖ Division of Narcotics Enforcement – No change compared to estimated net FY 2002.
 - E. ❖ Fire Marshal – No change compared to estimated net FY 2002.
 - F. ❖ Capitol Police – A transfer of \$1.3 million from the General Fund to be funded from the Motor Vehicle Use Tax.
 - G. ❖ Automated Fingerprint Identification System Maintenance – The Governor is recommending this appropriation be merged into the Division of Criminal Investigation and funded from the Motor Vehicle Use Tax.
 - H. ❖ Undercover Funds – A transfer of \$130,000 from the General Fund to be funded from the Motor Vehicle Use Tax.
 - I. ❖ DPS/State Police Officers Council (SPOC) Sick Leave Payout – A transfer of \$288,000 from the General Fund to be funded from the Motor Vehicle Use Tax.
 - J. ❖ Fire Fighter Training– A reduction of \$400 compared to estimated net FY 2002 to reflect the reversion of \$400 to the General Fund due to the 4.3% across-the-board reduction on the balance brought forward.
 - K. ❖ Fire Service – No change compared to estimated net FY 2002.
6. **Department of Inspections and Appeals** – An increase of \$500,000 (1.5%) and no change in FTE positions compared to the estimated net FY 2002 appropriation. Changes include:
- A. An increase of \$1.2 million for the Office of the State Public Defender to fill all currently authorized FTE positions since it is more cost effective to have State Public Defenders, rather than private attorneys, provide counsel to indigent defendants.
 - B. A decrease of \$704,000 for the Indigent Defense appropriation to reflect the savings associated with adding funds to the Office of the State Public Defender.
7. ❖ **Department of Public Defense, Emergency Management Division** – The Governor is recommending the transfer of \$212,000 and 3.0 FTE positions from the Department of Natural Resources Hazardous Spills Program to the Emergency Management Division.
8. ❖ **Iowa Law Enforcement Academy** – The Governor is recommending an Enterprise Efficiency Reduction of \$54,000 (3.9%) and no change in FTE positions for the Iowa Law Enforcement Academy.

Issues

The Justice System Appropriations Subcommittee may wish to examine the following issues:

Department of Justice

- Legal Services Poverty Grant Program – This pass-through grant program was started with federal funds to help provide representation for individuals eligible for basic assistance in civil cases, such as housing disputes, domestic abuse cases, and loss of disability benefits. The General Assembly provided:
 - \$500,000 for FY 1998
 - \$600,000 for FY 1999
 - \$700,000 for FY 2000
 - \$700,000 for FY 2001
 - \$641,200 for FY 2002

For FY 2003, the Department is requesting \$950,000, an increase of 48.2%. The Subcommittee may wish to review alternative funding sources for this Program. *The Governor is recommending a reduction of \$25,000 to this Program for Enterprise Efficiencies.*

- Iowa Competition Law – Senate File 530 (FY 2002 Justice System Subcommittee Appropriations Act) provides a contingent appropriation of \$200,000 for the enforcement of the Iowa Competition Law. The appropriation is contingent upon the receipt of damages due to anti-trust lawsuits. The Subcommittee may wish to review revenues and expenditures, fund restrictions, and balances brought forward from previous fiscal years for the enforcement of the Iowa Competition Law.
- Consumer Fraud – Senate File 530 provides a contingent appropriation of \$475,000 for consumer education and enforcement purposes, which was an increase of \$250,000 for FY 2002. The appropriation is contingent upon the receipt of damages due to consumer fraud lawsuits. The Subcommittee may wish to review revenues and expenditures, fund restrictions, and balances brought forward from previous fiscal years for education and enforcement of consumer fraud.
- Victim Compensation Fund – This Program has the largest growth in FTE positions over the last 11 years. In FY 1991, there were 6.0 FTE positions authorized. The FTE position cap was 22.0 during FY 2002, for an increase of 266.6%. The Department is requesting an additional 4.0 FTE positions be



funded from the Victim Compensation Fund in FY 2003. *The Governor is recommending an additional 4.0 FTE positions be funded from this Fund.*

- Office of the Attorney General – Approximately \$7.9 million (48.5%) of the budget is reimbursed from other State agencies. The Subcommittee may wish to review the amounts reimbursed by agencies and the sources of funds involved.
- Impact of the 4.3% Across-The-Board Reduction – The FY 2002 General Fund reduction was \$604,000 and the Department will implement the following changes to the budget:

- Office of the Attorney General – A reduction of \$355,000. The Office did not implement pay plan changes for non-bargaining personnel. It will have savings within the support budget, delay filling vacant positions, leverage other funding sources within the Department, seek alternative funding sources, and may furlough staff. 
- Victim Assistance Grants – A reduction of \$83,000. The Department transferred \$83,000 from the Victim Compensation Fund to the Victim Assistance Grants Account, pursuant to Section 915.94, Code of Iowa.
- Area Office of Drug Control Policy Prosecuting Attorneys – A reduction of \$6,000 that will reduce the support budget, such as printing costs.
- Prosecuting Attorney Training Council – A reduction of \$14,000 that will reduce the support budget, such as printing costs.
- Legal Services Poverty Grant – A reduction of \$29,000 that will reduce the grant awarded to Legal Services Corporation of Iowa.
- Office of the Consumer Advocate – A reduction of \$119,000. Any reduction in General Fund expenditures reduces General Fund receipts from utility companies by the same amount.

Department of Corrections

- Prison Population Growth – The Iowa prison population is projected to reach 12,318 inmates by FY 2011, if current correctional policies and laws remain in place. If the inmate population reaches 12,318, five new 750-bed prisons will need to be built at a cost of \$45.0 million for each prison. Each prison will incur annual operating costs of approximately \$28.0 million. The Subcommittee may want to examine alternatives to building new prisons. 

- Alternative Sanctions for Drug Offenders – Drug offenses are the most common offense type for new prison admissions and are expected to grow in the future. New prison admissions for drug offenses during FY 2001 was a record 891, an increase of 5.9% compared to FY 2000, and a 91.2% increase compared to FY 1996. *The Governor is recommending \$1.1 million from the General Fund to operate the Knoxville Substance Abuse Treatment Facility. This recommendation assumes the FY 2002 ending balance of \$1.3 million will carry forward to FY 2003. This recommendation does not fully fund the 100-bed facility. The facility provides a treatment option, rather than revocation to prison, for offenders on probation that have demonstrated a substance abuse addiction.*
- Expiration of Sentences – When inmates serve their maximum terms (minus any earned time) they are discharged from prison without parole supervision. These releases increased by approximately 155.0% between FY 1996 and FY 2001. Expiration of sentence accounted for 10.0% of all prison releases in FY 1996 while they were approximately 19.0% of all releases in FY 2001. Inmates released with expiration of sentence, whose lead offense was less serious, accounted for most of the increase. The Subcommittee may wish to examine this issue.
- CBC Growth – The CBC Offender populations continue to increase and may increase from 26,670 in FY 2001 to between 41,900 and 47,600 offenders by FY 2011. Assuming the budget needed to fund the current level of services would increase at the same rate as the CBC offender population, the CBC District Departments would need a budget between \$93.9 and \$95.6 million, compared to the current budget of \$56.3 million. The Subcommittee may wish to review alternative sanctions for low risk offenders, such as community service sentencing and financial penalties.
- CBC Administration – Pursuant to Section 905.7, Code of Iowa, the DOC provides assistance and support to each of the eight CBC District Departments. The General Assembly appropriates funds to the DOC and allocates those funds to the CBC District Departments. Each of the CBC District Departments contracts annually with the DOC to provide pre- and post-institutional services. Each CBC District Department is under the direction of a board of directors and is administered by a director employed by the board. Expenditures incurred by the CBC District Departments are not included in the Iowa Finance and Accounting System (IFAS). However, pursuant to Section 905.8, Code of Iowa, financial statements are provided to the Legislative Fiscal Bureau on a quarterly basis. The Subcommittee may want to review the current administration of the CBC District Departments.

- Judicial Districts – Iowa has eight judicial districts as defined in Section 602.6107, Code of Iowa. Iowa’s Court System and CBC System provide services within the geographic boundaries of a judicial district. Iowa’s population has become more urban over the last 20 years, as 50.0% of Iowa’s population is concentrated in 12 counties. The Subcommittee may wish to review the potential impact of downsizing the number of judicial districts. This issue impacts both the CBC and court systems.



- Staffing Ratios for Probation/Parole Officers – The CBC District Departments and the DOC have established a workload formula based on the level of risks and needs of offenders. However, there is no empirically validated staffing ratio currently available. The Subcommittee may want to review staff ratios for community-based supervision.

- Staffing Ratios for Correctional Officers – One correctional post in a prison requires 5.5 FTE positions to staff 24 hours per day, seven days per week. The number of posts is driven by facility design and security level within the prison. Additionally, correctional officers perform a variety of duties away from an assigned post. Therefore, there is no staffing formula, per se, that requires a minimum number of correctional officers to ensure staff and inmate safety. The Subcommittee may wish to review the current correctional officer-to-inmate ratio.

- Inmate Labor – Beginning in FY 2001, amounts that would have been paid for room and board by prison inmates with earnings from private sector employment are deposited in the General Fund. During FY 2001, \$856,000 was deposited into the General Fund. The Subcommittee may want to examine the inmate employment situation and the hard labor law (Section 904.701, Code of Iowa), particularly in light of the current increase in the Iowa unemployment rate. The Subcommittee may also want to inquire into the effectiveness of inmate employment for rehabilitation and reduction of recidivism.



- Prison Education – Literacy is a significant problem among the inmate population, and the Department has focused educational resources on literacy for the past several years. Research suggests inmate education increases employability of released inmates and reduces recidivism. Much of the vocational education is provided in conjunction with Prison Industries. The Subcommittee may want to examine the effectiveness of this arrangement.



- Iowa Prison Industries Purchasing – Section 904.701, Code of Iowa, requires inmates to perform hard labor. One of the methods for achieving compliance is

work in traditional Iowa Prison Industries programs, such as woodworking, office systems, and printing. Section 904.808, Code of Iowa, requires State agencies to purchase products from Iowa Prison Industries, but grants certain exceptions. Section 904.815, Code of Iowa, restricts Iowa Prison Industries' customer base to non-profits and tax-supported entities. Senate File 530 (FY 2002 Justice System Appropriations Act) encourages State agencies, including all agencies within the three branches of State government, to purchase from Iowa Prison Industries, and requires each agency to report these purchases to the Legislative Fiscal Bureau. Chapter 18, Code of Iowa, requires the Department of General Services to use competitive bidding procedures in procurement and specifically requires compliance with Iowa's targeted small business procurement goals. Chapter 73, Code of Iowa, grants preferences for State and local agencies to follow in procurement practices. Preference is given for products grown or produced within the State, and to small businesses and targeted small businesses. The Subcommittee may wish to discuss the overall procurement policy for the State and the congruence of existing purchasing requirements as delineated by the Code of Iowa.

- Mental Health – The Department is working with the University of Iowa School of Medicine and the Iowa Consortium of Mental Health Board to review the present Corrections mental health system, determine the needs of that system, and seek resources to address the mental health needs of inmates. The Subcommittee may wish to review this issue with the Department.
- Impact of the 4.3% Across the Board Reduction – HF 759 (FY 2002 Appropriation Adjustment Act) restored \$3.0 million of the 4.3% across-the-board reduction, so the net reduction is \$8.0 million (3.2%). The \$3.0 million was restored for programs and correctional beds for the last six months of FY 2002. The funds were restored as follows:
 - \$1.9 million (22.1%) of the 4.3% across-the-board reduction of \$8.1 million for the Institutions. This results in an effective decrease of 3.3%. The funds are for operating 482 prison beds for six months, and exempts the County Confinement Account from the across-the-board reduction.
 - \$1.1 million (45.9%) of the 4.3% across-the-board reduction to the CBC District Departments. This results in an effective decrease of 2.3%. The funds are for operating 100 residential beds for six months, treatment contracts for substance abuse and sex offenders, parole and probation officers, and residential programs.
- The \$8.0 million (3.2% across-the-board reduction) is planned to be implemented as follows:
 - \$6.3 million reduction from the nine prisons as follows:



- \$2.0 million and 75.0 FTE positions from staff lay-offs.
- \$1.5 million from not filling 41.0 FTE positions that are currently vacant.
- \$21,000 from reclassifying 11.0 FTE positions.
- \$134,000 from shifting 7.0 FTE positions to other funding sources, such as Iowa Prison Industries.
- \$336,000 from the overtime and premium holiday pay budget.
- \$101,000 from medical contracts.
- \$1.2 million from support costs.
- \$425,000 from canceling contracts for such items as substance abuse treatment programs, chaplains, librarian, and the Batterer's Education Program.
- \$250,000 from utility costs.
- \$312,000 from the food budget.
- \$1.4 million reduction from the CBC District Departments as follows:
 - \$57,000 and 3.0 FTE positions from parole and probation supervision.
 - \$688,000 and 22.5 FTE positions from residential facilities. This figure includes savings associated with the delayed opening of the new facility in Council Bluffs.
 - \$47,000 and 8.5 FTE positions from pre-trial release services.
 - \$249,000 and 5.5 FTE positions from administrative and support functions.
 - \$290,000 and 3.0 FTE positions from a variety of treatment programs.
 - \$39,000 from youth intervention and prevention contracts.
- \$297,000 reduction from Administration as follows:
 - \$54,000 and 1.0 FTE position from administration.
 - \$52,000 from support costs.
 - \$170,000 from contracts for the Iowa Corrections Offender Network, the Federal Prisoners Account, and the Corrections Education appropriation.
 - \$21,000 and 1.0 FTE position from the Corrections Training Center.

Judicial Branch

- Judicial Districts – Iowa has eight judicial districts as defined in Section 602.6107, Code of Iowa. Since January 1, 1972, Iowa has been divided into eight judicial districts. Iowa's Court System and CBC System provide services within the geographic boundaries of a judicial district. Iowa's population has become more urban over the last 20 years, as 50.0% of Iowa's population is concentrated in 12 counties. The Subcommittee may wish to review the potential impact of downsizing the number of judicial districts. This issue impacts both CBC and the court system.
- Judicial Branch Access Fee – House File 719 (FY 2002 Oversight and Communications Appropriations Act) created a pilot project that allows the Judicial Branch to collect a fee on the ability to access information from remote locations. The Iowa Technology Council passed a Part Free/Part Fee option allowing the Judicial Branch to charge \$25 per month. Information is still free at the Courthouses. The pilot project ends June 30, 2005. The first phase of the Project should be accessible from the Judicial Branch web site January 30, 2002.
- Judicial Retirement – Senate File 530 (Justice System Appropriations Act) notwithstanding Section 602.9104, Code of Iowa, lowering the employer share of the Judicial Retirement Fund from 23.7% to 16.6%. House File 759 (FY 2002 Appropriations Adjustment Act) notwithstanding Section 602.9104, Code of Iowa, lowering the employer share for the Judicial Retirement Fund from 16.6% to 15.9%. The Judicial Branch is requesting to notwithstanding Section 602.9104, Code of Iowa, to reduce the employer share of the Judicial Retirement Fund to 18.7%. 
- 4.3% Across-The-Board Reduction – To comply with the \$5.2 million budget cut, the Chief Justice announced in his State of the Judiciary speech that over 250 employees were adversely affected: 107 were laid-off, 67 had their working hours reduced, 79 were downgraded from supervisory positions, and 20 vacant positions were eliminated.

Department of Public Defense

- Homeland Security – Ellen Gordon has been appointed Iowa's Homeland Security Officer. The Subcommittee may wish to review the State's progress in Homeland Security. 
- Technology Changes in Emergency Management – The Emergency Management Division utilizes a variety of technologies to manage emergency situations. The Division has responsibilities for implementation of wireless E911 technology and services and is implementing a statewide multi-hazard warning system. The

Subcommittee may want to examine the trend in technology changes and the options being pursued by the Division.

Department of Public Safety

- Depreciation – The Department of Public Safety is requesting an increase in funding for vehicle depreciation. The Department of Public Safety purchased 66 new cars in FY 2001. Mileage was increased from 92,000 to 115,000 before replacing a car. The Department anticipates increasing the replacement mileage of vehicles within the Department of Public Safety to 125,000 if depreciation is not funded in this fiscal year. The FY 2003 budget requested increase for depreciation is \$1.0 million. *The Governor recommended no change in funding for depreciation for FY 2003.*



Parole Board

- Prison Overcrowding – The increasing prison population will impact the Board’s resources and information management system. The Board is requesting \$12,000 to increase the per diem days from 151 to 161 days. The Subcommittee may want to examine the Board’s workload, staffing, and its ability to utilize new technology to manage the workload.
- Probation Revocation Pilot Project – The 1997 General Assembly enacted the 1998 Criminal Justice – Miscellaneous Provisions Act that permits the Board to impose sanctions and revoke certain probationers. The Board contracted with the Sixth CBC District Department for a part-time Administrative Law Judge to implement the pilot project. The 2000 General Assembly enacted HF 2519 (FY 2001 Parole Board Pilot Project Act) that extends the pilot project through June 30, 2002. The Subcommittee may wish to review the outcome measures of the program.
- Impact of the 4.3% Across-The-Board Reduction – The General Fund reduction is \$46,000 and the Board will implement the following changes to the budget:
 - Reduce support budget costs (travel and equipment).
 - Explore cost and resource sharing with the DOC.
 - Hold vacant a part-time clerk position.

Public Defender and Indigent Defense Program

- Caseloads – The Office of the State Public Defender expended \$35.7 million from the General Fund during FY 2001, an increase of \$1.5 million compared to FY 2000. Compared to FY 1991, the increase is \$18.4 million (106.2%) due to the increase in cases and



claims. From FY 1991 to FY 2001, the number of attorney claims for reimbursement from the Indigent Defense Fund has increased 157.5%, while the number of cases handled by the Office of the State Public Defender has increased by 218.5%. The Subcommittee may wish to examine the adequacy of staffing and funding.

- Attorney Fees – In FY 2000, the General Assembly provided for a \$5 per hour increase for court-appointed and contract attorneys paid through the Indigent Defense Fund. For FY 2001, the General Assembly provided an additional \$803,000 for indigent defense. The estimated net FY 2002 appropriation is \$33.7 million, which is \$2.0 million less than the actual FY 2001 expenditure. For FY 2003, the Department is requesting an increase of \$5.4 million (15.9%). The Subcommittee may wish to review options for cost containment of this court-appointed counsel program.
- Impact of the 4.3% Across-The-Board Reduction – The General Fund reduction is \$1.5 million. The FY 2002 appropriations for the State Public Defender’s Office and the Indigent Defense Fund are \$1.9 million less than the amount actually spent in FY 2001. The Office projects a \$3.9 million shortfall in the Indigent Defense Fund for FY 2002. The Public Defender plans to fill all vacancies in the Office, as it is more cost-effective to have State employees, rather than contract attorneys, provide counsel to indigent defendants. This may require an allocation transfer from the Indigent Defense Fund to the State Public Defender’s Office. A FY 2002 supplemental appropriation may be required for the Indigent Defense Fund. Alternatively, appropriation transfers from other State agencies to the Indigent Defense Fund may occur. *The Governor is recommending a net increase of \$500,000 for the State Public Defender’s Office and the Indigent Defense Program. This figure includes an increase of \$1.2 million for the Office of the State Public Defender so that all currently authorized FTE positions may be filled. This figure also includes a reduction of \$704,000 for the Indigent Defense appropriation to reflect the savings associated with utilizing State Public Defenders, rather than contract attorneys, for indigent defense cases.*

Issue Reviews

The LFB completed five ***Issue Reviews*** during the 2001 legislative interim dealing with:

- Update on Judicial Salaries
- Visitation and Custody Mediation
- Child Support Guidelines

- Update on Judicial Branch Organization, Funding, and Staffing Trend Summary
- Crime Bills from the 2001 Legislative Session

Copies of the *Issue Reviews* are available from the LFB.

Topic Presentations

The LFB maintains and updates *Topic Presentations* available on the LFB web site. Presentations relating to the Justice System Subcommittee include:

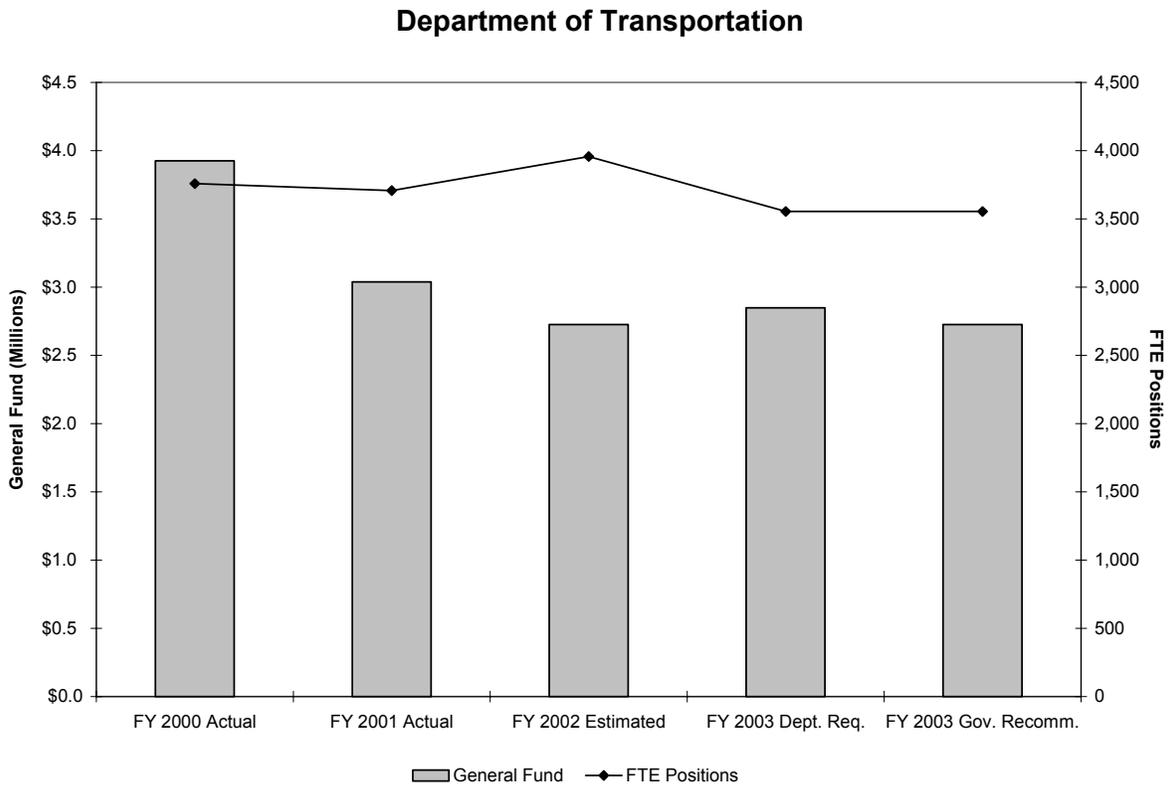
- Department of Public Safety Academy
- Justice System Appropriations Subcommittee
- Community-Based Corrections
- Crime Victim Assistance
- Iowa Law Enforcement Academy
- Iowa Prisons
- Legal Representation of Indigent Clients Program
- Emergency Management Division
- Iowa Judicial Branch

Copies of the *Topic Presentations* are available from the LFB.

TRANSPORTATION, INFRASTRUCTURE, AND CAPITALS APPROPRIATIONS SUBCOMMITTEE

FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending a total of \$468.0 million from all funding sources for the Department of Transportation (DOT) and capital projects. The recommendation includes \$265.7 million for the DOT and \$202.3 million for capital projects. Included in the Governor's recommendation is \$2.7 million from the General Fund for the Department of Transportation. The following chart shows the General Fund appropriations and FTE positions for the DOT since FY 2000.



A new concept or funding included in the Governor's recommendation but not included in the Department request, or the Governor's significant modification of a concept or funding included in the Department request, is preceded by the symbol, ❖.

Department of Transportation

The Governor is recommending \$265.7 million and 3,554.0 FTE positions from all funding sources for DOT operations, special purpose, capital projects, and programs for FY 2003. This is a decrease of \$12.1 million (4.4%) and 403.0 FTE positions (10.2%) compared to estimated net FY 2002. This includes 96.0 unappropriated FTE positions that are not appropriated by the General Assembly, but are reflected in the FTE tracking document in Appendix A. These positions are funded through revolving funds administered by the Department. More information on these FTE positions is available from the LFB upon request.

Of the total FY 2003 recommendation:

- \$258.1 million is recommended from other funds for operations and special purpose projects, a decrease of \$13.3 million (4.9%) compared to estimated net FY 2002.
- \$4.9 million is recommended from other funds for capital projects, an increase of \$1.2 million (31.9%) compared to estimated net FY 2002.
- \$2.7 million is recommended from the General Fund for programs, which is no change compared to estimated net FY 2002.

Significant Other Fund Changes Recommended

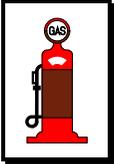
The following changes include recommendations from the Primary Road Fund and Road Use Tax Fund:

1. ❖ \$5.0 million to redesign the vehicle registration system throughout the State. The total project cost is estimated at \$10.0 million.
2. ❖ \$200,000 for utility improvements at rural maintenance locations throughout the State.
3. ❖ \$1.7 million for resources to build a new scale facility in Cedar County.
4. An increase of \$500,000 for Phase 4 of the Ames Administration Building. Phase 4 includes the removal of asbestos and replacement of the electrical system and heating, ventilation, and air conditioning (HVAC) system. The FY 2003 request is to renovate the basement, which completes remodeling of the building.
5. An increase of \$50,000 for a projected increase in reimbursements to the State Auditor's Office.



Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to the DOT's budget request:

- **Review the current revenue and expenditure forecasts of the Road Use Tax Fund.** The Legislative Fiscal Bureau has published an *Issue Review* titled "Road Use Tax Fund Overview" which provides information regarding the first revenue decline in the Road Use Tax Fund since 1981 due to the following:
 - FY 2001 receipts to the Road Use Tax Fund decreased by a total of \$147,000 (0.01%) compared to FY 2000. The Fund experienced decreases in motor vehicle use tax (0.9%), fuel taxes (1.4%), driver's licenses fees (17.5%), underground storage tank fees (1.3%) and interest income (19.1%) in FY 2001. 
 - Fuel sales:
 - Total fuel sales for gasoline, ethanol, and diesel, for the period of July 2000 to June 2001 decreased 31.2 million gallons (1.5%) from the same period of the previous year.
 - The sale of ethanol-blended fuel has increased 15.1%, while regular gasoline sales have experienced a decrease of 15.5%. This has caused the market share of ethanol to increase from 45.3% in FY 2000 to 53.0% in FY 2001. Because ethanol is taxed at a penny less than gasoline, increasing the market share of ethanol decreases fuel tax collections. 
- **Examination of the vehicle registration system.** The Department is requesting a total of \$10.0 million for two years to redesign the current system. The FY 2003 recommendation of \$5.0 million is the first of two years. *The Governor is recommending \$5.0 million for the vehicle registration system for FY 2003.*
- **Examination of possible future funding needs due to the September 11 terrorist attacks.** This includes additional background checks on truck drivers, increased inspections on hazardous materials and packages, and tightened security at scale facilities, in addition to possible future funding needs for security at Iowa's commercial airports.
- **Examination of the impact of the following on the Department's public services and operating efficiencies:**
 - The reduction in workforce by 10.0% or 400 positions in FY 2002.
 - The reduction in DOT garages and offices. In FY 2002, the Department consolidated various garages and offices statewide, resulting in a reduction

of 27 maintenance garages, seven resident construction offices, and five resident maintenance offices.

- Two Department restructuring efforts. In FY 2001, the Department restructured internally, eliminating the duplication of various services and consolidating certain divisions. In FY 2002, the Department restructured for a second time, consolidating various DOT garages and offices throughout the State. *The Governor is estimating savings of \$35.0 million due to funds remaining from fiscal years 2001, 2002, and 2003 resulting from the two restructuring efforts.*
- **City and county ownership of State roadways.** The DOT states they do not have available funding to maintain State road systems. A State report issued in 1999 said that \$12.6 billion was needed for State highway construction and repair projects through 2017, but only \$11.5 billion was expected to be available. As a result, the DOT planned to decrease the size of the State's primary road system by offering cities and counties ownership of more than 800 miles of State routes. To date, cities and counties have taken possession of 38 miles.
- **Public Transit Assistance.** In FY 2001, the standing appropriation of Public Transit Assistance received a \$14.8 million General Fund appropriation. Of this amount, \$4.2 million was attributed to an accounting adjustment. In FY 2002, the appropriation estimate was \$9.4 million. Recent action by the Governor reduced the FY 2002 appropriation with a 4.3% across-the-board reduction (a decrease of \$406,000). The estimated net appropriation for FY 2002 is \$9.0 million. The Department is requesting \$9.8 million from the General Fund for FY 2003. *The Governor is recommending \$9.0 million from the General Fund for FY 2003.*
- Standing appropriations are adjusted as estimates of the amount of funding needed during the fiscal year are determined. Section 312.2(15), Code of Iowa, credits an amount equal to one-twentieth of eighty percent of the motor vehicle use tax receipts and appropriates these funds to the DOT for public transit assistance. The funds are distributed by formula to Iowa's 35 public transit systems. The decrease in appropriations will result in reductions in operations and services of local transit systems.

Issue Reviews

The LFB completed the following two ***Issue Reviews*** during the 2001 legislative interim:

- Road Use Tax Fund Overview
- Effects of Raising the Speed Limit

Copies of the ***Issue Reviews*** are available on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/IREVIEW/ireview.htm>.

Topic Presentations

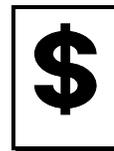
The LFB maintains and updates ***Topic Presentations*** available on the LFB web site. Presentations relating to the Transportation, Infrastructure, and Capitals Subcommittee include:

- Primary Road Fund
- Road Use Tax Fund
- The RISE Program

Copies of the ***Topic Presentations*** are available on the LFB web site:
<http://staffweb.legis.state.ia.us/lfb/pptpres/pptpres.htm>.

Capital Projects and Related Appropriations

The Governor is recommending a total of \$202.3 million to fund capital projects, environmental programs, debt service payments on certain bonds, and attorney litigation payments. The recommendation includes \$57.4 million from the Rebuild Iowa Infrastructure Fund (RIIF) and \$144.9 million from tax-exempt bond proceeds of the Restricted Capital Fund. The tax-exempt bonds were issued as part of the tobacco securitization process. The following table shows the total funds being recommended by source and agency. A more detailed spreadsheet listing the individual appropriation recommendations follows this section.



Governor's FY 2003 Recommended Appropriations Rebuild Iowa Infrastructure Fund and Restricted Capital Fund

Agency/Fund	Rebuild Iowa Infrastructure Fund			Tax-Exempt Bond Proceeds Restricted Capital Fund			Total All Funds
	Enacted	New	Total	Enacted	New	Total	
	Approp.	Recomm.		Approp.	Recomm.		
Corrections	\$ 2.0	\$ 0.3	\$ 2.3	\$ 0.0	\$ 3.5	\$ 3.5	5.9
Cultural Affairs		1.0	1.0			0.0	1.0
Economic Development		0.8	0.8		2.5	2.5	3.3
Education		6.3	6.3			0.0	6.3
Environment First Fund	35.0		35.0			0.0	35.0
General Services		1.8	1.8	16.7	22.0	38.6	40.4
Information Technology		7.5	7.5			0.0	7.5
Judicial Branch			0.0		2.0	2.0	2.0
Natural Resources			0.0		1.0	1.0	1.0
Public Defense			0.0		1.1	1.1	1.1
Regents			0.0		47.2	47.2	47.2
Telecom. & Tech. Comm.		2.7	2.7			0.0	2.7
Transportation			0.0		2.5	2.5	2.5
Treasurer of State			0.0		46.5	46.5	46.5
Total	\$ 37.0	\$ 20.4	\$ 57.4	\$ 16.7	\$ 128.3	\$ 144.9	\$ 202.3

Note: Numbers may not add due to rounding.

In prior legislative sessions, the General Assembly appropriated a total of \$83.6 million for FY 2003 from the RIIF. The Governor is recommending transferring \$46.6 million of these RIIF appropriations to the Restricted Capital Fund in FY 2003. The following table shows the FY 2003 appropriations currently enacted and the Governor's recommended changes.

	Current Law	Governor's Recomm.	
	RIIF Approp.	RIIF	Restricted Capital Fund
Ft. Madison Special Needs Unit	\$ 2.0	\$ 2.0	\$ 0.0
Environment First Fund	35.0	35.0	
Capitol Interior Renovation	2.7		2.7
Court Avenue Bridge	0.7		0.7
Estherville Armory	0.4		0.4
Regents Capitals	30.3		30.3
Comm. Attraction & Tourism	12.5		12.5
Total	\$ 83.6	\$ 37.0	\$ 46.6

Significant Capital Project Recommendations

1. Department of Corrections

- A. \$2.0 million from the RIIF for continued funding of the 200-bed special needs unit at the Iowa State Penitentiary in Fort Madison. These funds were previously appropriated in HF 742 (FY 2002 Infrastructure Appropriations Act). The total cost of this project is estimated to be \$25.0 million. The General Assembly has appropriated a total of \$15.9 million through FY 2002 for the expansion project.
- B. ❖ \$3.5 million from the Restricted Capital Fund for the installation of electronic perimeter fencing at the Iowa State Penitentiary, Anamosa State Penitentiary, and the Mt. Pleasant Correctional Facility to provide electronic detection systems to monitor facility perimeters.
- C. \$333,000 from the RIIF for a lease purchase payment to upgrade the electrical system for the Fort Madison Special Needs Facility. This is the second year of funding of a seven-year lease purchase agreement. The total cost of the improvements are estimated to be \$1.8 million.



2. Department of Cultural Affairs

- A. ❖ \$800,000 from the RIIF for continued funding of the Historical Preservation Grant Program. This is a decrease of \$200,000 compared to the FY 2002 estimated net appropriation.
- B. \$150,000 from the RIIF for the preservation of the Iowa Battle Flag collection in the Capitol Building. This appropriation would provide continued funding for the Iowa Battle Flag project which is estimated to cost \$1.1 million. The Department was appropriated \$150,000 from the RIIF in FY 2002 to stabilize the condition of the flags.

3. Department of Economic Development

- A. \$2.5 million from the Restricted Capital Fund for continued funding of the Accelerated Career Education (ACE) Program.
- B. ❖ \$800,000 from the RIIF for continued funding of the Local Housing Assistance Program. This is a decrease of \$200,000 compared to the FY 2002 estimated net appropriation.

4. Department of Education

- A. \$3.0 million from the RIIF for funding of the Community College Vocational/Technical Technology Improvement Program. In FY 2002, the Program was allocated \$3.0 million from the Pooled Technology Account.



- B. ❖ \$800,000 from the RIF for the Enrich Iowa Libraries Program to provide direct State aid to public libraries. This is an increase of \$300,000 compared to FY 2002 estimated net appropriation. This appropriation supplements the Governor's General Fund recommendation of \$1.8 million.
 - C. ❖ \$2.5 million from the RIF for a lease purchase agreement to convert the Iowa Public Television's transmitter sites from analog to digital technology.
5. **Environment First Fund** – The General Assembly established a standing appropriation of \$35.0 million from the RIF for the Environment First Fund in HF 2453 (FY 2001 Infrastructure Appropriations Act). The FY 2003 Governor's recommendations for these funds are included within the Agriculture and Natural Resources Appropriations Subcommittee budget.
6. **Department of General Services**
- A. \$16.7 million from the Restricted Capital Fund for the second year of funding of the multi-purpose laboratory facility in Ankeny for use by the State Medical Examiner, Division of Criminal Investigation, and the Department of Agriculture Hygienic Lab. These funds were previously appropriated in HF 742 (FY 2002 Infrastructure Appropriations Act).
 - B. \$15.8 million from the Restricted Capital Fund for major maintenance improvements to State facilities under the purview of the Department of General Services. The funds will also be used for Americans with Disabilities Act (ADA) improvements.
 - C. \$2.7 million from the Restricted Capital Fund for continued interior restoration of the State Capitol Building. These funds were previously appropriated from the RIF in HF 742 (FY 2002 Infrastructure Appropriations Act).
 - D. ❖ \$1.8 million from the RIF for costs associated with routine maintenance of State facilities.
 - E. \$1.6 million from the Restricted Capital Fund for planning and design costs for the renovation of the Records and Property Building to convert warehouse space into office space. The cost to renovate the facility in FY 2004 is estimated at \$10.7 million.
 - F. ❖ \$1.0 million from the Restricted Capital Fund to provide security enhancement systems to the buildings on the Capitol Complex.
 - G. \$650,000 from the Restricted Capital Fund for planning design costs associated with the replacement of the Court Avenue bridge which was removed in 1993 due to safety concerns. The bridge would provide public access to the Judicial Building and the memorial located on the south side of Court Avenue. These funds were previously

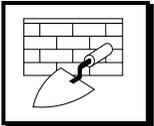


appropriated from the RIIF in HF 742 (FY 2002 Infrastructure Appropriations Act).

- H. \$170,000 from the Restricted Capital Fund for the demolition of the Micrographics Building in preparation for the expansion of the Records and Properties Building.
 - I. \$93,000 from the Restricted Capital Fund for design costs associated with the removal of the parking lot located to the west of the Capitol Building and installation of a walkway between East 7th Street and Finkbine Street.
7. **Information Technology** – ❖ \$7.5 million from the RIIF to provide funding for the Pooled Technology Account. The Pooled Technology Account is administered by the Department of Information Technology and provides centralized funding coordination for technology projects for State agencies. The Pooled Technology Account was appropriated \$13.0 million from the RIIF in FY 2002. This recommendation is discussed in more detail under the Oversight Appropriations Subcommittee section of this document.
8. **Judicial Branch**
- A. \$1.3 million from the Restricted Capital Fund for the cost of furnishings for the new Judicial Building that will be operational in FY 2003.
 - B. \$700,000 from the Restricted Capital Fund for the paving of the parking lot and street located adjacent to the new Judicial Building.
9. **Department of Natural Resources** – ❖ \$1.0 million from the Restricted Capital Fund for continued funding of the Destination State Park located near the Rathbun Lake area.
10. **Department of Public Defense**
- A. ❖ \$700,000 from the Restricted Capital Fund for maintenance and renovation projects at National Guard facilities.
 - B. \$400,000 from the Restricted Capital Fund for the second year of funding for the construction of a Readiness Center in Estherville for support of National Guard training. These funds were previously appropriated from the RIIF in HF 742 (FY 2002 Infrastructure Appropriations Act). House File 742 appropriated a total of \$1.3 million for the facility over three fiscal years beginning in FY 2002. The Department will receive an estimated \$2.9 million in federal funds and \$655,000 from local sources for the project.
11. **Board of Regents**
- A. \$7.9 million from the Restricted Capital Fund for Phase I expansion of the Art Building at the University of Iowa. These funds were



previously appropriated from the RIIF in HF 742 (FY 2002 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$4.4 million in FY 2002 from the Restricted Capital Fund and \$3.7 million in FY 2004 from the RIIF for this project.

- B. \$6.7 million from the Restricted Capital Fund for the construction of the College of Business facility at Iowa State University. These funds were previously appropriated from the RIIF in HF 742 (FY 2002 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$4.2 million in FY 2002 from the Restricted Capital Fund for this project. The University has received a gift of \$11.2 million for the new facility. 
- C. \$4.3 million from the Restricted Capital Fund for replacement of the steam distribution system at the University of Northern Iowa. These funds were previously appropriated from the RIIF in HF 742 (FY 2002 Infrastructure Appropriations Act). The Board of Regents was also appropriated \$4.4 million in FY 2002 from the Restricted Capital Fund and \$3.7 million in FY 2004 from the RIIF for this project.
- D. \$3.0 million from the Restricted Capital Fund for continued renovation of the Biological Sciences Facility at the University of Iowa. These funds were appropriated from the RIIF in SF 2453 (FY 2001 Infrastructure Appropriations Act).
- E. \$8.4 million from the Restricted Capital Fund for continued funding of the construction of an addition to McCollum Science Hall at the University of Northern Iowa. These funds were previously appropriated from the RIIF in SF 2453 (FY 2001 Infrastructure Appropriations Act). 
- F. ❖ \$2.1 million from the Restricted Capital Fund for renovation and improvements to Iowa State University's classrooms and auditoriums.
- G. ❖ \$1.7 million from the Restricted Capital Fund for design costs associated with the renovation of the Innovative Teaching Center at the University of Northern Iowa. 
- H. ❖ \$2.6 million from the Restricted Capital Fund for design costs of a new classroom facility to house the School of Journalism at the University of Iowa.
- I. \$390,000 from the Restricted Capital Fund to convert the Lakeside Laboratory buildings into a year-round environmental education facility and to modernize laboratories to meet the needs of the current program. The current facilities have no heat, air-conditioning, or restrooms.

- J. ❖ \$435,000 from the Restricted Capital Fund for utility system upgrades and tuckpointing at the Iowa School for the Deaf.
 - K. ❖ \$450,000 from the Restricted Capital Fund for improvements to the heating ventilation and air conditioning system at the Iowa Braille and Sight Saving School.
 - L. ❖ \$9.2 million from the Restricted Capital Fund for debt service payments on Academic Revenue Bonds authorized in prior fiscal years.
12. **Iowa Telecommunications and Technology Commission** – \$2.7 million from the RIIIF to pay the costs of maintenance and leases associated with the build-out of Part III of the Iowa Communications Network. In prior years, this appropriation has been funded through the Oversight Appropriations Subcommittee Bill.
13. **Department of Transportation**
- A. \$1.0 million from the Restricted Capital Fund for continued funding of the Recreational Trails Program.
 - B. \$1.0 million from the Restricted Capital Fund for continued funding of the Commercial Service Airport Program. The funds are allocated to Iowa's eight commercial service airports for vertical infrastructure improvements.
 - C. \$500,000 from the Restricted Capital Fund for continued funding of the Aviation Hangar Grant Program. The funds are used for the construction of or improvements to hangars at general aviation airports.
14. **Treasurer of State**
- A. ❖ \$14.9 million from the Restricted Capital Fund for the final attorney litigation payment associated with the tobacco settlement. The General Assembly made the initial appropriation of \$10.6 million in FY 2002.
 - B. \$12.9 million from the Restricted Capital Fund for the FY 2003 debt service payments on the ICN certificates of participation notes.
 - C. ❖ \$1.1 million from the Restricted Capital Fund to provide for continued funding to county fair societies for infrastructure improvements.
 - D. \$5.2 million from the Restricted Capital Fund for the FY 2003 debt service payments on prison infrastructure bonds.
 - E. \$12.5 million from the Restricted Capital Fund for the Community Attraction and Tourism Development Fund. This Fund is used to assist communities in the development of multiple purpose attraction and tourism facilities. Projects are reviewed and selected by the Vision Iowa Board. These funds were previously appropriated in HF 2453 (FY 2001 Infrastructure Appropriations Act).



Issues

The Transportation, Capitals, and Infrastructure Appropriations Subcommittee may wish to examine the following issues pertaining to capital projects.

- **Fort Madison Special Needs Unit** - The Department of Corrections is in the process of constructing a 200-bed Special Needs Unit at the Iowa State Penitentiary in Fort Madison. The new facility is designed to meet the operational and treatment objectives of inmates that pose a high security risk. The Department is under a court order to have the first 40 beds operational in August 2002. The General Assembly has appropriated a total of \$17.9 million through FY 2003 for the project and the Department estimates receiving \$7.1 million in federal funds to complete the construction. The Special Needs Unit is projected to be fully operational in October 2002. *The Governor is recommending \$2.0 million in FY 2003 to complete the funding for the project.*
- 
- **Oakdale Special Needs Unit** - The Department of Corrections is requesting \$4.1 million in FY 2003 to construct a 170-bed Special Needs Unit at the Iowa Medical and Classification Center in Oakdale and to construct a power plant to support the new addition. This request is the first year of a multi-year project that is estimated to cost \$32.5 million. The addition will be used to serve the entire prison system through treatment and housing of inmates with medical and mental illness conditions. The Department was expecting to receive \$14.0 million in federal funds for this project; however, the current federal budget does not contain funding for the project. *The Governor is not recommending funding for the Special Needs Unit.*
- **Tobacco Settlement Trust Fund Tax-Exempt Bonds**
 - Review the Internal Revenue Service (IRS) tax code to obtain clear guidance and understanding of projects that can be funded from the tax-exempt bond proceeds of the Restricted Capital Fund.
 - Review the funding opportunities and limitations of funding infrastructure projects from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund. The State has received \$540.0 million in tax-exempt bond proceeds to specifically fund infrastructure-related projects. A portion of these proceeds must be used to pay attorney litigation fees (\$25.5 million) and debt service on existing State debt (\$126.7 million). The remainder, plus the interest earnings, is to be used for infrastructure funding through FY 2007.
- 
- **Funding Priorities for Infrastructure Projects** - The Subcommittee may want to review the FY 2003 RIF appropriations enacted last year and determine which appropriations can be transferred to funding from the tax-exempt bond proceeds

of the Restricted Capital Fund. The General Assembly has appropriated a total of \$83.6 million from the RIIF in FY 2003, of which, \$35.0 million is a standing appropriation for the Environment First Fund. The remaining \$48.6 million could potentially be transferred to the Restricted Capital Fund. *The Governor is recommending the transfer of \$46.6 million from the RIIF to the Restricted Capital Fund in FY 2003.*

- **State Laboratory Facility** - Review the current design of the new State laboratory facility. Last year, the Department of General Services requested \$62.0 million to construct a laboratory facility of approximately 225,500 gross square feet which would incorporate the State Medical Examiner, the University of Iowa Hygienic Laboratory, the Department of Agriculture and Land Stewardship Laboratory, and the Division of Criminal Investigation (DCI) Crime Lab. The General Assembly appropriated \$50.0 million from the Restricted Capital Fund to construct the new facility which requires the facility to be down-sized from 225,500 gross square feet to 163,300, a reduction of 62,200 (27.6%) gross square feet. *The Governor is recommending continued funding for the laboratory facility.*
- **Capitol Complex Building Renovation** - Review of the Department of General Services' plans to renovate buildings on the Capitol Complex and the logistics of relocating employees to accomplish the renovation. The Department is requesting a total of \$12.3 million (\$1.6 million in FY 2002 and \$10.7 million in FY 2003) to renovate the Records and Properties Building to convert the facility from a warehouse to usable office space. Once the renovation is complete, the Department would vacate the Wallace Building to begin renovation. The current estimate to renovate the Wallace Building is \$31.2 million. The Subcommittee may also want to examine opportunities to relocate staff from the Capitol Building due to the planned elimination of office space as a result of interior restoration of the Capitol Building. *The Governor is recommending \$1.6 million to begin the planning for the Records and Properties Building renovation and \$170,000 for the demolition of the Micrographics Building located adjacent to the Records and Properties Building.*
- **Vertical Infrastructure Advisory Committee** - Review of the Strategic Plan and funding recommendations of the Governor's Vertical Infrastructure Advisory Committee. The Plan will be finalized in December 2001.
- **Metropolitan Medical Center** - Review opportunities to purchase the Metropolitan Medical Center facility located adjacent to the Capitol Complex. The General Assembly appropriated \$500,000 for an option to purchase the Medical Center and \$250,000 to conduct an appraisal, environmental assessment, and feasibility study of the property. *The Governor has made no recommendations concerning the purchase of the Metropolitan Medical Center.*



Issue Reviews

The LFB completed the following two ***Issue Reviews*** during the 2001 legislative interim:

- Iowa's Energy Conservation Financing Programs
- Parking Structure Construction Proposal
- Iowa's Tobacco Settlement

Copies of the ***Issue Reviews*** are available from the LFB.

Topic Presentations

The LFB maintains and updates ***Topic Presentations*** available on the LFB web site. Presentations relating to the Transportation, Infrastructure, and Capitals Subcommittee include:

- Rebuild Iowa Infrastructure Fund

Copies of the ***Topic Presentation*** are available on the LFB web site.

**Governor's Recommendations
FY 2003 Capital Projects**

State Agency	Rebuild Iowa Infrastructure Fund			Tax Exempt Bond Proceeds Restricted Capital Fund			Total Funds
	Enacted Appropriations	New Recomm.	Total	Enacted Appropriations	New Recomm.	Total	
Corrections							
Ft. Madison Electrical System Upgrade	\$ 0	\$ 333,168	\$ 333,168	\$ 0	\$ 0	\$ 0	\$ 333,168
Security Fencing			0		3,523,850	3,523,850	3,523,850
Ft. Madison Special Needs Unit	2,000,000		2,000,000			0	2,000,000
Subtotal	2,000,000	333,168	2,333,168	0	3,523,850	3,523,850	5,857,018
Cultural Affairs							
Historic Grant Program		800,000	800,000			0	800,000
Battle Flag Preservation		150,000	150,000			0	150,000
Subtotal	0	950,000	950,000	0	0	0	950,000
Economic Development							
ACE Program			0		2,500,000	2,500,000	2,500,000
Housing Program		800,000	800,000			0	800,000
Subtotal	0	800,000	800,000	0	2,500,000	2,500,000	3,300,000
Education							
Community Colleges Technology		3,000,000	3,000,000			0	3,000,000
Public Libraries - Erich Iowa Program		800,000	800,000			0	800,000
IPTV - High Definition TV Lease Purchase		2,500,000	2,500,000			0	2,500,000
Subtotal	0	6,300,000	6,300,000	0	0	0	6,300,000
Environment First Fund							
Standing Appropriation	35,000,000	0	35,000,000	0	0	0	35,000,000
General Services							
Major Maintenance/ADA Improvements			0		15,750,000	15,750,000	15,750,000
Multipurpose Laboratory Facility			0	16,670,000		16,670,000	16,670,000
Statewide Routine Maintenance		1,800,000	1,800,000			0	1,800,000
Parking Lot 8 Design & Removal			0		93,000	93,000	93,000
Capitol Interior Restoration			0		2,700,000	2,700,000	2,700,000
Micrographics Building Demolition			0		170,000	170,000	170,000
Records & Property Bldg. Renovation			0		1,600,000	1,600,000	1,600,000
Capitol Complex Security Upgrades			0		1,000,000	1,000,000	1,000,000
Court Avenue Bridge Replacement Phase I			0		650,000	650,000	650,000
Subtotal	0	1,800,000	1,800,000	16,670,000	21,963,000	38,633,000	40,433,000
Information Technology							
Pooled Technology Account	0	7,500,000	7,500,000	0	0	0	7,500,000
Judicial Branch							
Judicial Building Parking Lot/Street Paving			0		700,000	700,000	700,000
Judicial Building Furnishings			0		1,250,000	1,250,000	1,250,000
Subtotal	0	0	0	0	1,950,000	1,950,000	1,950,000
Natural Resources							
Destination State Park Construction	0	0	0	0	1,000,000	1,000,000	1,000,000

**Governor's Recommendations
FY 2003 Capital Projects**

State Agency	Rebuild Iowa Infrastructure Fund			Tax Exempt Bond Proceeds Restricted Capital Fund			Total Funds
	Enacted Appropriations	New Recomm.	Total	Enacted Appropriations	New Recomm.	Total	
Public Defense							
Facility Maintenance			0		700,000	700,000	700,000
Estherville Readiness Center			0		400,000	400,000	400,000
Subtotal	0	0	0	0	1,100,000	1,100,000	1,100,000
Regents							
SUI - Art Building			0		7,910,000	7,910,000	7,910,000
UNI - Steam Distribution			0		4,320,000	4,320,000	4,320,000
ISU - Business Building			0		6,700,000	6,700,000	6,700,000
SUI - Biological Sciences Building			0		3,000,000	3,000,000	3,000,000
UNI - McCollum Science Hall Addition			0		8,400,000	8,400,000	8,400,000
Regents - Lakeside Lab Facility			0		390,000	390,000	390,000
ISU - Classrooms & Auditoriums			0		2,112,100	2,112,100	2,112,100
UNI - Teaching Center Bldg (East Gym)			0		1,730,000	1,730,000	1,730,000
SUI - School of Journalism Building Planning			0		2,600,000	2,600,000	2,600,000
ISD - Utility Systems and Tuckpointing			0		435,000	435,000	435,000
IBSSS - HVAC System Upgrade			0		450,000	450,000	450,000
Tuition Replacement			0		9,151,609	9,151,609	9,151,609
Subtotal	0	0	0	0	47,198,709	47,198,709	47,198,709
Telecommunications & Tech. Commission							
Maintenance and Leases	0	2,727,004	2,727,004	0	0	0	2,727,004
Transportation							
Recreational Trails Program			0		1,000,000	1,000,000	1,000,000
Commercial Airport Improvements			0		1,000,000	1,000,000	1,000,000
General Aviation Hangar Grant Program			0		500,000	500,000	500,000
Subtotal	0	0	0	0	2,500,000	2,500,000	2,500,000
Treasurer of State							
Community Attraction & Tourism Program			0		12,500,000	12,500,000	12,500,000
County Fair Infrastructure Assistance					1,060,000	1,060,000	1,060,000
Prison Infrastructure Debt Service					5,185,576	5,185,576	5,185,576
Attorney Litigation Payments					14,924,000	14,924,000	14,924,000
ICN Debt Service					12,855,000	12,855,000	12,855,000
Subtotal	0	0	0	0	46,524,576	46,524,576	46,524,576
Total	\$ 37,000,000	\$ 20,410,172	\$ 57,410,172	\$ 16,670,000	\$ 128,260,135	\$ 144,930,135	\$ 202,340,307

OVERSIGHT AND COMMUNICATIONS APPROPRIATIONS SUBCOMMITTEE

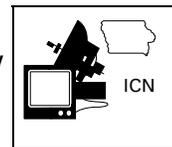
FY 2003 GOVERNOR'S RECOMMENDATIONS

The Governor is recommending the transfer of two departments to a new administrative agency. For the remaining General Fund appropriation made by the Oversight and Communications Appropriations Subcommittee (the Iowa Public Television Regional Telecommunications Councils appropriation), the Governor is recommending \$1.9 million from the General Fund, a decrease of \$76,000 (3.9%) compared to estimated net FY 2000. The Governor is also recommending 280.5 FTE positions, an increase of 42.5 (34.0%) FTE positions compared to estimated net FY 2002. Of these, 8.0 FTE positions are for the Iowa Public Television appropriation recommendation and the remaining 272.5 FTE positions would need to be assigned to the new administrative agency if the General Assembly would decide to create it.

A new concept or funding included in the Governor's recommendation but not included in a department request, or the Governor's significant modification of a concept or funding included in a department request, is preceded by the symbol, ❖.

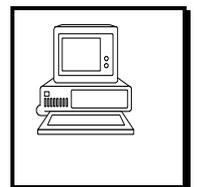
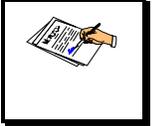
Significant General Fund Changes Recommended

1. **Iowa Telecommunications and Technology Commission** – ❖ The Governor is recommending the creation of a new administrative agency and the funding for the Iowa Communications Network that would have been appropriated to the Commission is recommended for inclusion in the new administrative agency. (See the summary of the new administrative agency in the Statewide Issues Section, and for more detail see the Administration and Regulation Appropriations Subcommittee Summary).
2. **Iowa Public Television (IPTV) Regional Telecommunications Councils** – ❖ A decrease of \$76,000 (3.9%) and no change in FTE positions compared to estimated net FY 2002 to support Part III educational activities related to the Iowa Communications Network (ICN). The decrease in funding is for a general efficiency reduction.
3. **Information Technology Department (ITD)** – ❖ The Governor is recommending the creation of a new administrative agency and the funding for the Information Technology Department that would have been appropriated to the Department is recommended for inclusion in the new administrative agency. (See the summary of the new administrative agency in the Statewide Issues Section, and for more detail see the Administration and Regulation Appropriations Subcommittee Summary).



Significant Other Fund Requests

1. The Governor is recommending the following other fund appropriations related to the activities of the Iowa Telecommunications and Technology Commission, which is recommended to become part of the new administrative agency:
 - A. ❖ \$2.7 million from the Rebuild Iowa Infrastructure Fund (RIIF) for the annual lease and maintenance of Part III connections.
 - B. ❖ \$12.9 million from the Restricted Capital Fund within the Tobacco Settlement Trust Fund for payment of debt service on the certificates of participation issued for the build out of Parts I and II of the ICN. These funds are appropriated to the Treasurer of State and transferred to the ICN when the payments are due.
2. ❖ The Governor is recommending \$2.5 million from the Rebuild Iowa Infrastructure Account for Iowa Public Television for lease costs related to the conversion from the current analog standard to the new digital standard as required by the Federal Communications Commission.
3. ❖ The Governor is recommending \$7.5 million from the RIIF for the Pooled Technology Account to be used for various technology projects. In addition to the Public Television projects noted above, other projects with requests for \$1.0 million or greater from the Account include:
 - A. Iowa Telecommunications and Technology Commission – To complete the transition to asynchronous transfer mode (ATM) and MPEG III technology on the Iowa Communications Network. (\$7.0 million)
 - B. Iowa Corrections Offender Network (ICON) – To allow the Department of Corrections to have complete information on 55,000 offenders supervised. (\$1.1 million)
 - C. Enterprise Resource Planning (ERP) System – To begin implementation of a software system that will enable automation and integration of the majority of the State’s administrative systems, and allow sharing of information between the systems. (\$8.9 million)
 - D. Digital Government Projects – To provide electronic access by citizens to government. (\$10.0 million)
 - E. 21st Century Learning Project – For continued funding of the 21st Century Learning infrastructure. (\$2.0 million)
 - F. Management Information System for Child Care – To assist the Department of Human Services in better utilizing its limited child care funds by having more data available quicker regarding the utilization of these services. The new system will also link with the Department of Public Health system to



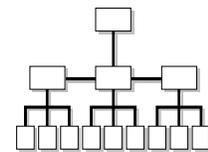
access information on required immunizations, health and safety incident reports, and child abuse information. (\$7.4 million)

- G. Iowa Workforce Development Tax System – To replace the existing Unemployment Insurance Services Divisions half-paper, half-automated system, reduce or eliminate manual processing, and improve service for customers. (\$1.3 million)
- H. E-Licensing Project – To create a secure, web enabled licensing system for on-line professional practitioner licensing activity. (\$1.0 million)
- I. Health Insurance Portability and Accountability Act (HIPPA) System for Medicaid – To develop a system that will meet federal requirements concerning administrative simplification, privacy, and security. (\$4.2 million)
- J. Enterprise Data Warehouse – To allow data sharing across agencies. (\$2.3 million)

Issues

The Oversight and Communications Appropriations Subcommittee may wish to examine the following issues:

- *The Governor’s recommendation to create a new administrative agency that would include the following departments:*
 - *Iowa Communications Network*
 - *Information Technology Department*
 - *Department of Personnel*
 - *Department of General Services*
 - *Accounting functions of the Department of Revenue and Finance*
- *The Governor’s recommendation to implement an enterprise resource planning system. The system would tie together key functions and allow data sharing between them to minimize redundant data entry and improve data analysis capabilities. The systems being integrated would include:*
 - *Payroll*
 - *Accounting*
 - *Budgeting*
 - *Procurement*



- *The Governor's recommendation to continue to explore near-term opportunities for migrating Iowa Communications Network services to private sector providers.*
- The structure and operation of the Information Technology Department and the changes made in operations of IowaAccess including:
 - What types of agreements have been established between the new Department and other State agencies to foster clear communication and cooperation?
 - Does the structure of the new Department meet the legislative requirements and intent as provided in SF 2395 (FY 2001 Information Technology Department Act) and SF 2433 (FY 2001 Oversight and Communications Appropriations Act)?
 - Are the required boards and councils functioning appropriately?
- Implementation of the second phase of the transition of the ICN to a ring topology utilizing Asynchronous Transfer Mode (ATM) and MPEG 2 technology.
- Alternatives to continued subsidization of video usage for educational users and cross subsidization of video usage for other users by higher than required fees for data and voice services.
- Increased usage of and reliance on the ICN by the Department of Defense, National Guard Bureau, and the Iowa Department of Public Defense. Can the military users help pay for some or all of the conversion of the Network to ATM technology? 
- Status of the Department of Education's application for consortium status for Iowa schools and libraries in applying for Universal Service Fund rebates. 
- Utilization by departments of funds appropriated for technology projects in the past two years and the appropriate funding mechanism for projects in FY 2003.
 - Were the projects completed?
 - What types of savings or process efficiencies were achieved as a result of the projects?
- Impact of the 4.3% across-the-board reduction on the departments under the purview of the Committee. The departments have indicated the following adjustments in FY 2002: 
 - Iowa Telecommunications and Technology Commission's plan includes:
 - Maintaining a vacancy factor of 3.0 FTE positions.

- Eliminating three contract positions.
- Limiting overtime.
- Disallowing retention and incentive pay.
- Reducing equipment upgrades and repairs.
- Iowa Public Television (IPTV) plan includes:
 - Regional Telecommunications Council's (RTCs) pass through funding was reduced by 4.3%.
 - For the portion of the appropriation that remains with IPTV, outside grant funding will be used for FY 2002 to cover the reduction and maintain services.
- Information Technology Department plan includes:
 - The total FY 2002 funding reduction to the Department (inclusive of the identified 4.3% reduction) was 33.0%. In addition, other agencies cut back on purchasing services, further reducing receipts. The Department stated it is not possible to specifically break out that portion of the larger cut which would be attributable to the 4.3% cut. However, the following actions have been taken as a result of the larger 33.0% reduction:
 - Laid off 28 employees.
 - Kept vacant positions open.
 - Reduced information technology maintenance agreements.
 - Discontinued private sector information technology contract services.
 - Renegotiated vendor contracts and asked for reductions in rates where appropriate.
 - Discontinued the use of some software products.
 - Delayed purchases.
 - Limited overtime, stand-by, and call-back costs.
 - The Department continues to look for opportunities to reduce costs and generate revenue.



APPENDIX A

FY 2003 GENERAL FUND GOVERNOR'S RECOMMENDATION

GENERAL FUND APPROPRIATIONS

	<u>Actual</u> <u>FY 2001</u>	<u>Estimated</u> <u>FY 2002</u>	<u>Dept Request</u> <u>FY 2003</u>	<u>Gov Rec</u> <u>FY 2003</u>	<u>Gov Rec</u> <u>vs FY 2002</u>	<u>Percent</u> <u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
Administration and Regulation	\$ 87,055,928	\$ 80,476,796	\$ 116,129,542	\$ 165,909,515	\$ 85,432,719	106.2%
Ag. and Natural Resources	43,925,715	35,604,167	42,384,607	34,746,642	-857,525	-2.4%
Economic Development	37,201,675	34,884,855	36,529,303	29,617,681	-5,267,174	-15.1%
Education	980,000,107	915,699,364	1,027,826,130	951,776,714	36,077,350	3.9%
Health and Human Rights	91,218,226	87,180,025	93,955,386	53,998,446	-33,181,579	-38.1%
Human Services	783,015,930	758,596,595	875,658,352	758,470,564	-126,031	0.0%
Justice System	492,827,118	481,018,601	500,910,811	431,511,341	-49,507,260	-10.3%
Trans., Infra., & Capitals	3,039,443	2,726,282	2,849,000	2,726,282	0	0.0%
Oversight and Communications	22,878,009	17,372,204	6,767,024	1,876,368	-15,495,836	-89.2%
Unassigned Standing	<u>2,345,795,212</u>	<u>2,268,884,411</u>	<u>2,434,397,581</u>	<u>2,339,031,718</u>	<u>70,147,307</u>	3.1%
Grand Total	<u><u>\$ 4,886,957,363</u></u>	<u><u>\$ 4,682,443,300</u></u>	<u><u>\$ 5,137,407,736</u></u>	<u><u>\$ 4,769,665,271</u></u>	<u><u>\$ 87,221,971</u></u>	1.9%

Note: The FY 2002 estimated appropriations, FY 2003 department requests, and the FY 2003 Governor's recommendation are based upon the January 17, 2002, budget information received from the DOM.

Administration and Regulation

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Administrative Services, Dept. of</u>						
Administrative Services Dept.	\$ 0	\$ 0	\$ 0	\$ 16,984,465	\$ 16,984,465	
<u>Auditor of State</u>						
Auditor of State - Gen. Office	\$ 1,399,414	\$ 1,211,008	\$ 1,490,432	\$ 1,164,086	\$ -46,922	-3.9%
<u>Ethics and Campaign Disclosure</u>						
Ethics and Campaign Disclosure	\$ 515,505	\$ 432,238	\$ 451,659	\$ 415,490	\$ -16,748	-3.9%
<u>Commerce, Department of</u>						
Administration	\$ 1,137,329	\$ 1,136,617	\$ 1,187,688	\$ 0	\$ -1,136,617	-100.0%
License Fee Education-ABD	25,000				0	
Alcoholic Beverages	1,610,057	1,514,082	1,582,113	2,059,657	545,575	36.0%
Banking Division	5,918,784	6,077,621	6,350,701	6,083,621	6,000	0.1%
Credit Union Division	1,228,248	1,290,331	1,348,308	1,306,331	16,000	1.2%
Insurance Division	3,874,539	3,866,754	4,040,495	3,950,217	83,463	2.2%
Professional Licensing	870,544	800,285	836,243	0	-800,285	-100.0%
Utilities Division	6,034,571	6,149,201	6,273,982	6,112,996	-36,205	-0.6%
Total Commerce, Department of	\$ 20,699,072	\$ 20,834,891	\$ 21,619,530	\$ 19,512,822	\$ -1,322,069	-6.3%
<u>General Services, Dept. of</u>						
DGS Administration	\$ 2,051,607	\$ 1,765,726	\$ 1,845,064	\$ 0	\$ -1,765,726	-100.0%
Terrace Hill Operations	259,191	261,522	273,273	0	-261,522	-100.0%
Property Mgmt	4,831,359	4,076,106	4,877,028	0	-4,076,106	-100.0%
Rental Space	1,028,898	1,028,898	3,235,475	0	-1,028,898	-100.0%
Utilities	2,247,323	2,207,926	2,207,926	0	-2,207,926	-100.0%
Capitol Planning Commission	2,000	0	0	0	0	
Total General Services, Dept. of	\$ 10,420,378	\$ 9,340,178	\$ 12,438,766	\$ 0	\$ -9,340,178	-100.0%

Administration and Regulation

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Governor						
General Office	\$ 1,509,293	\$ 1,420,958	\$ 1,484,805	\$ 1,365,901	\$ -55,057	-3.9%
Terrace Hill Quarters	133,078	112,675	117,738	108,309	-4,366	-3.9%
Admin Rules Coordinator	152,252	148,006	154,656	142,271	-5,735	-3.9%
Natl Governors Association	68,800	70,030	70,030	67,317	-2,713	-3.9%
Presidential Electors	494	0	0	0	0	
State-Federal Relations	297,421	277,909	290,396	267,141	-10,768	-3.9%
Total Governor	\$ 2,161,338	\$ 2,029,578	\$ 2,117,625	\$ 1,950,939	\$ -78,639	-3.9%
Inspections & Appeals, Dept of						
Inspections and Appeals						
Administration Division	\$ 573,427	\$ 578,489	\$ 604,482	\$ 793,908	\$ 215,419	37.2%
Audits Division	480,567	459,903	480,567	0	-459,903	-100.0%
Administrative Hearings Div.	514,668	492,537	514,668	510,166	17,629	3.6%
Investigations Division	1,054,636	1,048,860	1,095,987	1,453,443	404,583	38.6%
Health Facilities Division	2,473,611	2,367,246	2,473,611	2,386,778	19,532	0.8%
Inspections Division	877,970	971,945	1,015,617	768,849	-203,096	-20.9%
Employment Appeal Board	35,091	35,534	37,131	35,223	-311	-0.9%
Foster Care Review Board	799,362	801,499	837,512	794,489	-7,010	-0.9%
Child Advocacy Division	0	0	0	628,283	628,283	
Total Inspections and Appeals	6,809,332	6,756,013	7,059,575	7,371,139	615,126	9.1%
Racing Commission						
Pari-mutuel Regulation	2,282,778	2,114,683	2,209,700	2,114,683	0	0.0%
Excursion Boat Gambling Reg.	1,491,474	1,630,134	1,703,379	1,630,134	0	0.0%
Total Racing Commission	3,774,252	3,744,817	3,913,079	3,744,817	0	0.0%
Total Inspections & Appeals, Dept of	\$ 10,583,584	\$ 10,500,830	\$ 10,972,654	\$ 11,115,956	\$ 615,126	5.9%

Administration and Regulation

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Management, Department of</u>						
DOM General Office	\$ 2,361,258	\$ 2,253,129	\$ 2,354,367	\$ 2,165,828	\$ -87,301	-3.9%
Statewide Property Tax Admin.	90,078	92,192	96,334	92,192	0	0.0%
Law Enforcement Training Reimb	47,500	0	0	0	0	
Salary Adjustment	133,800	-8,293,316	133,800	55,628,047	63,921,363	-770.8%
Total Management, Department of	\$ 2,632,636	\$ -5,947,995	\$ 2,584,501	\$ 57,886,067	\$ 63,834,062	-1073.2%
<u>Personnel, Department of</u>						
IDOP-Admin. and Prog. Op.	\$ 1,916,895	\$ 1,585,526	\$ 1,936,724	\$ 0	\$ -1,585,526	-100.0%
IDOP-Customer Services and Ben	2,967,385	2,542,938	2,657,199	0	-2,542,938	-100.0%
Institute for Public Leadership	40,000	0	0	0	0	
Worker's Compensation	0	21,500	500,000	0	-21,500	-100.0%
Total Personnel, Department of	\$ 4,924,280	\$ 4,149,964	\$ 5,093,923	\$ 0	\$ -4,149,964	-100.0%
<u>Revenue and Finance, Dept. of</u>						
Compliance	\$ 11,101,136	\$ 10,608,790	\$ 10,741,458	\$ 10,233,972	\$ -374,818	-3.5%
State Financial Management	11,806,260	10,899,879	11,807,444	9,366,376	-1,533,503	-14.1%
Internal Resources Management	6,787,886	5,865,464	6,055,207	5,791,660	-73,804	-1.3%
Collection Costs and Fees	30,713	30,000	30,000	30,000	0	0.0%
Statewide Property Tax	75,000	60,033	62,730	60,033	0	0.0%
Tax Fairness Study	0	0	0	400,000	400,000	
Total Revenue and Finance, Dept. of	\$ 29,800,995	\$ 27,464,166	\$ 28,696,839	\$ 25,882,041	\$ -1,582,125	-5.8%
<u>Secretary of State</u>						
Administration And Elections	\$ 809,439	\$ 753,766	\$ 896,634	\$ 747,173	\$ -6,593	-0.9%
Business Services	1,846,660	1,553,646	1,752,721	2,310,073	756,427	48.7%

Administration and Regulation

General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Secretary of State (cont.)</u>						
Official Register	5,000	0	5,000	5,000	5,000	
Redistricting	25,000	23,925	0	0	-23,925	-100.0%
Total Secretary of State	\$ 2,686,099	\$ 2,331,337	\$ 2,654,355	\$ 3,062,246	\$ 730,909	31.4%
<u>Treasurer of State</u>						
Treasurer of State						
Treasurer - General Office	\$ 1,232,627	\$ 882,601	\$ 922,258	\$ 848,403	\$ -34,198	-3.9%
Tobacco Settlement Authority						
Endowment For Iowa Health	0	7,248,000	27,087,000	27,087,000	19,839,000	273.7%
Total Treasurer of State	\$ 1,232,627	\$ 8,130,601	\$ 28,009,258	\$ 27,935,403	\$ 19,804,802	243.6%
Total Administration and Regulation	\$ 87,055,928	\$ 80,476,796	\$ 116,129,542	\$ 165,909,515	\$ 85,432,719	106.2%

Ag. and Natural Resources

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Agriculture & Land Stewardship</u>						
Administrative Division	\$ 2,511,256	\$ 2,405,826	\$ 3,042,280	\$ 2,739,851	\$ 334,025	13.9%
International Relations	20,151	19,285	20,151	18,538	-747	-3.9%
Regulatory Division	5,208,121	5,144,229	5,927,397	4,880,799	-263,430	-5.1%
Laboratory Division	3,769,638	3,218,007	5,161,296	2,664,516	-553,491	-17.2%
Farmer's Market Coupon Program	304,680	295,978	309,277	284,510	-11,468	-3.9%
Pseudorabies Eradication	900,700	861,970	900,700	828,572	-33,398	-3.9%
Soil Consv Cost Share-01	5,500,850	0	0	0	0	
Soil Conservation Division Ops	6,627,875	6,943,500	7,254,472	6,673,449	-270,051	-3.9%
Total Agriculture & Land Stewardship	\$ 24,843,271	\$ 18,888,795	\$ 22,615,573	\$ 18,090,235	\$ -798,560	-4.2%
<u>Natural Resources, Department of</u>						
Natural Resources Dept. Ops.	\$ 18,253,444	\$ 16,715,372	\$ 19,040,034	\$ 16,656,407	\$ -58,965	-0.4%
Environ/Water Quality Protect.	729,000	0	729,000	0	0	
Total Natural Resources, Department of	\$ 18,982,444	\$ 16,715,372	\$ 19,769,034	\$ 16,656,407	\$ -58,965	-0.4%
<u>Regents, Board of</u>						
Johnne's Disease	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	
Total Ag. and Natural Resources	\$ 43,925,715	\$ 35,604,167	\$ 42,384,607	\$ 34,746,642	\$ -857,525	-2.4%

Economic Development

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Economic Development, Dept. of</u>						
Administrative Services						
General Administration	\$ 1,755,666	\$ 1,712,262	\$ 1,789,198	\$ 1,712,262	\$ 0	0.0%
IA Comm. on Volunteerism	80,000	71,966	75,200	71,966	0	0.0%
Total Administrative Services	1,835,666	1,784,228	1,864,398	1,784,228	0	0.0%
Business Development						
Business Development	4,773,768	4,257,499	4,448,797	3,548,659	-708,840	-16.6%
International Trade	2,330,737	2,142,695	2,238,971	2,142,695	0	0.0%
Export Assistance Program	408,000	294,756	308,000	200,000	-94,756	-32.1%
Workforce Recruitment Proj.	401,230	367,264	383,766	367,264	0	0.0%
Partner State Program	120,000	114,840	120,000	114,840	0	0.0%
Strategic Invest. Approp.	3,727,474	3,369,953	3,521,372	2,000,000	-1,369,953	-40.7%
Value-Added Ag. Products	0	2,727,450	2,850,000	0	-2,727,450	-100.0%
Total Business Development	11,761,209	13,274,457	13,870,906	8,373,458	-4,900,999	-36.9%
Community & Rural Development						
Tourism Operations	4,918,216	3,356,910	3,507,743	3,356,910	0	0.0%
Community Assistance	821,825	774,136	808,920	774,136	0	0.0%
Film Office	260,641	239,940	250,721	204,940	-35,000	-14.6%
Mainstreet/Rural Mainst.	435,278	407,434	425,741	338,071	-69,363	-17.0%
Community Dev. Programs	910,354	821,432	858,341	821,432	0	0.0%
School to Career Refund	0	33,495	100,000	33,495	0	0.0%
Community Dev. Block Grant	421,314	403,889	422,037	403,889	0	0.0%
Housing Development Assist.	500,000	0	0	0	0	
Total Community & Rural Development	8,267,628	6,037,236	6,373,503	5,932,873	-104,363	-1.7%
Total Economic Development, Dept. of	\$ 21,864,503	\$ 21,095,921	\$ 22,108,807	\$ 16,090,559	\$ -5,005,362	-23.7%
<u>Iowa Workforce Development</u>						
Labor Division	\$ 3,500,474	\$ 3,296,636	\$ 3,444,761	\$ 3,245,421	\$ -51,215	-1.6%

Economic Development

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Iowa Workforce Development (cont.)</u>						
Workers' Comp. Division	2,377,858	2,250,630	2,351,755	2,149,346	-101,284	-4.5%
Workforce Dev. Board	126,277	118,298	48,613	48,613	-69,685	-58.9%
New Employment Opportunities	500,000	241,282	252,123	234,596	-6,686	-2.8%
Employment Statistics	67,078	0	0	0	0	
260E Labor Management Projects	69,652	0	0	0	0	
Welfare-To-Work Match	153,024	0	0	0	0	
Total Iowa Workforce Development	\$ 6,794,363	\$ 5,906,846	\$ 6,097,252	\$ 5,677,976	\$ -228,870	-3.9%
<u>Public Employment Relations Board</u>						
General Office	\$ 912,222	\$ 850,188	\$ 975,384	\$ 817,246	\$ -32,942	-3.9%
<u>Regents, Board of</u>						
University of Iowa						
Oak Park Res./Tech. Park	\$ 341,021	\$ 315,755	\$ 329,943	\$ 315,755	\$ 0	0.0%
Advanced Drug Development	275,811	254,822	266,272	254,822	0	0.0%
Total University of Iowa	616,832	570,577	596,215	570,577	0	0.0%
Iowa State University						
Small Business Dev. Ctrs.	1,220,417	1,110,067	1,159,945	1,110,067	0	0.0%
Research Park/ISIS	385,271	357,224	373,275	357,224	0	0.0%
Inst. for Physical Res.	4,474,108	4,123,835	4,309,128	4,123,835	0	0.0%
Total Iowa State University	6,079,796	5,591,126	5,842,348	5,591,126	0	0.0%
Univ. of Northern Iowa						
Metal Casting	176,861	165,773	173,222	165,773	0	0.0%
Decision Making Institute	757,098	704,424	736,075	704,424	0	0.0%
Total Univ. of Northern Iowa	933,959	870,197	909,297	870,197	0	0.0%
Total Regents, Board of	\$ 7,630,587	\$ 7,031,900	\$ 7,347,860	\$ 7,031,900	\$ 0	0.0%
Total Economic Development	\$ 37,201,675	\$ 34,884,855	\$ 36,529,303	\$ 29,617,681	\$ -5,267,174	-15.1%

Education

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>College Aid Commission</u>						
Operations & Loan Program						
Scholarship and Grant Admin	\$ 337,534	\$ 314,884	\$ 329,032	\$ 302,683	\$ -12,201	-3.9%
Osteopathic Forgivable Loans	254,260	95,700	420,000	415,700	320,000	334.4%
Osteopathic University Prime	395,000	355,334	371,300	355,334	0	0.0%
Student Aid Prg. (IA Grants)	1,144,850	1,075,443	1,141,159	1,029,884	-45,559	-4.2%
National Guard Loan Program	1,250,000	1,175,000	1,175,000	1,175,000	0	0.0%
Chiropractic Forgivable Loans	100,000	89,958	94,000	89,958	0	0.0%
ACE Opportunity Grants	250,000	224,895	235,000	224,895	0	0.0%
Teacher Shortage Forgivable Ln	525,000	472,279	493,500	472,279	0	0.0%
Foster Care Grant Program	0	0	0	65,000	65,000	
Total Operations & Loan Program	4,256,644	3,803,493	4,258,991	4,130,733	327,240	8.6%
Standing Grant & Loan Program						
Tuition Grant Program Standing	48,830,075	47,155,382	49,930,075	48,830,075	1,674,693	3.6%
Scholarship Program Standing	498,540	477,103	498,540	477,103	0	0.0%
Voc Tech Grant - Standing	2,482,400	2,375,657	2,632,400	2,375,657	0	0.0%
College Work-Study Program	2,750,000	0	0	300,000	300,000	
Total Standing Grant & Loan Program	54,561,015	50,008,142	53,061,015	51,982,835	1,974,693	3.9%
Total College Aid Commission	\$ 58,817,659	\$ 53,811,635	\$ 57,320,006	\$ 56,113,568	\$ 2,301,933	4.3%
<u>Cultural Affairs, Dept. of</u>						
Cultural Affairs - Admin.	\$ 254,188	\$ 243,409	\$ 254,346	\$ 233,978	\$ -9,431	-3.9%
Cultural Grants	691,149	623,215	651,217	599,068	-24,147	-3.9%
Historical Sites	602,293	561,483	586,712	539,727	-21,756	-3.9%
Iowa Arts Council	1,431,406	1,311,678	1,370,614	1,260,855	-50,823	-3.9%
State Historical Society	3,361,387	3,176,851	3,319,593	3,053,759	-123,092	-3.9%
Terrace Hill	0	0	0	1,000,000	1,000,000	
Total Cultural Affairs, Dept. of	\$ 6,340,423	\$ 5,916,636	\$ 6,182,482	\$ 6,687,387	\$ 770,751	13.0%

Education

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Education, Department of						
Administration						
Dept. of Ed. Administration	\$ 6,056,580	\$ 5,702,769	\$ 5,959,006	\$ 5,390,671	\$ -312,098	-5.5%
Board of Ed. Examiners	204,156	48,718	50,907	46,830	-1,888	-3.9%
Independent Living	76,579	60,157	62,860	57,826	-2,331	-3.9%
Iowa Public Television	8,181,552	7,488,098	7,874,602	7,197,960	-290,138	-3.9%
School Food Service	2,716,859	2,600,034	2,716,859	2,600,034	0	0.0%
School to Work	210,000	196,152	204,966	188,551	-7,601	-3.9%
State Library	3,172,038	1,668,555	1,743,527	1,603,904	-64,651	-3.9%
Vocational Ed. Admin.	577,628	565,225	590,622	525,653	-39,572	-7.0%
Vocational Rehabilitation	4,982,384	4,660,152	4,869,542	4,456,116	-204,036	-4.4%
Total Administration	26,177,776	22,989,860	24,072,891	22,067,545	-922,315	-4.0%
Education, Dept. of						
Jobs For America's Grads	333,000	143,550	150,000	137,988	-5,562	-3.9%
Teacher of The Year	75,000	0	0	0	0	
Teacher Salaries	0	0	60,000,000	40,000,000	40,000,000	
Library Service Areas	1,687,000	1,517,591	1,615,514	1,458,789	-58,802	-3.9%
Total Education, Dept. of	2,095,000	1,661,141	61,765,514	41,596,777	39,935,636	2404.1%
Grants & State Aid						
Americorps	121,000	143,550	150,000	137,988	-5,562	-3.9%
Empowerment Bd - Early Child.	15,600,000	14,664,000	14,664,000	14,033,448	-630,552	-4.3%
Enrich Iowa Libraries	1,000,000	1,799,160	1,880,000	1,799,160	0	0.0%
Textbooks Nonpublic	650,000	584,727	611,000	584,727	0	0.0%
Vocational Educ Secondary	3,308,850	3,166,569	3,308,850	3,043,875	-122,694	-3.9%
Voc Ed. Youth Org.	94,400	84,920	88,736	81,630	-3,290	-3.9%
Beginning Teacher/Mentoring	775,000	0	0	0	0	
Education Innovation Fund	425,000	0	0	0	0	
Employability Skills	200,000	0	0	0	0	

Education

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Education, Department of (cont.)</u>						
Grants & State Aid (cont.)						
Family Resource Centers	90,000	0	0	0	0	
LACES	25,000	0	0	0	0	
National Certification Stipend	1,380,000	0	0	0	0	
Total Grants & State Aid	23,669,250	20,442,926	20,702,586	19,680,828	-762,098	-3.7%
Community College						
MAS - General Aid	147,577,403	137,585,680	142,722,759	141,585,680	4,000,000	2.9%
Total Education, Department of	\$ 199,519,429	\$ 182,679,607	\$ 249,263,750	\$ 224,930,830	\$ 42,251,223	23.1%
<u>Regents, Board of</u>						
Regents, Board of						
Regents Board Office	\$ 1,321,335	\$ 1,237,427	\$ 1,325,027	\$ 1,237,427	\$ 0	0.0%
Tuition Replacement	28,174,854	26,081,384	25,971,403	16,843,772	-9,237,612	-35.4%
Tri State Graduate Center	85,936	83,619	85,719	80,024	-3,595	-4.3%
Southwest Iowa Resource Center	117,546	109,741	117,572	109,741	0	0.0%
Quad Cities Graduate Center	175,686	163,392	175,034	163,392	0	0.0%
Total Regents, Board of	29,875,357	27,675,563	27,674,755	18,434,356	-9,241,207	-33.4%
University of Iowa						
Univ. of Iowa: Gen. University	255,836,163	241,831,144	258,697,120	241,831,144	0	0.0%
Indigent Patient Program: UIHC	33,040,152	30,466,492	31,835,415	30,466,492	0	0.0%
Psychiatric Hospital	8,411,522	7,809,505	8,160,402	7,809,505	0	0.0%
Center Dis. & Dev. (Hosp-Sch)	7,487,966	7,016,917	7,332,202	7,016,917	0	0.0%
Oakdale Campus	3,207,848	2,948,667	3,081,157	2,948,667	0	0.0%
University Hygienic Laboratory	4,203,122	4,158,633	4,158,633	4,158,633	0	0.0%
Family Practice Program	2,460,405	2,305,212	2,408,790	2,305,212	0	0.0%
SCHS - Hemophilia, Cancer	689,890	691,332	722,395	691,332	0	0.0%

Education

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Regents, Board of (cont.)						
University of Iowa (cont.)						
State of Iowa Cancer Registry	217,012	199,762	208,738	199,762	0	0.0%
SUI Substance Abuse Consortium	77,286	72,108	75,348	72,108	0	0.0%
Biocatalysis	1,084,871	991,651	1,036,208	991,651	0	0.0%
Primary Health Care	916,974	849,070	887,221	849,070	0	0.0%
Iowa Birth Defects Registry	53,266	49,702	51,935	49,702	0	0.0%
SUI Ag Health and Safety	284,452	0	0	0	0	
Total University of Iowa	317,970,929	299,390,195	318,655,564	299,390,195	0	0.0%
Iowa State University						
Iowa State: Gen. University	202,542,309	190,866,120	204,442,132	190,866,120	0	0.0%
ISU-Ag & Home Ec. Exp. Sta.	37,029,596	34,601,714	36,156,441	34,601,714	0	0.0%
ISU - Cooperative Extension	23,386,276	21,866,928	22,849,455	21,866,928	0	0.0%
ISU Leopold Center	579,843	528,928	552,694	528,928	0	0.0%
Livestock Disease Research	279,773	251,679	262,987	251,679	0	0.0%
Total Iowa State University	263,817,797	248,115,369	264,263,709	248,115,369	0	0.0%
Univ. of Northern Iowa						
University of Northern Iowa	90,643,431	85,458,047	91,497,856	85,458,047	0	0.0%
Recycling & Reuse Center	251,754	230,602	240,963	230,602	0	0.0%
Total Univ. of Northern Iowa	90,895,185	85,688,649	91,738,819	85,688,649	0	0.0%
Special Schools						
Iowa School for the Deaf	8,178,008	7,950,522	8,146,772	7,946,772	-3,750	0.0%
Braille & Sight Saving School	4,568,379	4,455,932	4,564,332	4,454,332	-1,600	0.0%
Tuition and Transportation	16,941	15,256	15,941	15,256	0	0.0%
Total Special Schools	12,763,328	12,421,710	12,727,045	12,416,360	-5,350	0.0%
Total Regents, Board of	\$ 715,322,596	\$ 673,291,486	\$ 715,059,892	\$ 664,044,929	\$ -9,246,557	-1.4%
Total Education	\$ 980,000,107	\$ 915,699,364	\$ 1,027,826,130	\$ 951,776,714	\$ 36,077,350	3.9%

Health and Human Rights

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Blind, Iowa Commission for the</u>						
Department for the Blind	\$ 1,826,993	\$ 1,752,214	\$ 1,830,945	\$ 1,679,017	\$ -73,197	-4.2%
Newsline for the Blind	15,000	0	0	0	0	
Iowa Radio Reading Information	15,000	0	0	0	0	
Total Blind, Iowa Commission for the	\$ 1,856,993	\$ 1,752,214	\$ 1,830,945	\$ 1,679,017	\$ -73,197	-4.2%
<u>Civil Rights Commission</u>						
Civil Rights Commission	\$ 1,226,743	\$ 1,085,229	\$ 1,133,991	\$ 1,005,544	\$ -79,685	-7.3%
<u>Elder Affairs, Department of</u>						
Aging Programs	\$ 5,071,211	\$ 4,337,248	\$ 4,532,130	\$ 4,169,195	\$ -168,053	-3.9%
<u>Gov. Office of Drug Control Policy</u>						
DARE Program	\$ 80,000	\$ 0	\$ 0	\$ 0	\$ 0	
Drug Policy Coordinator	518,892	482,830	504,525	432,302	-50,528	-10.5%
Total Gov. Office of Drug Control Policy	\$ 598,892	\$ 482,830	\$ 504,525	\$ 432,302	\$ -50,528	-10.5%
<u>Health, Department of Public</u>						
Department of Public Health						
Addictive Disorders	\$ 2,383,320	\$ 1,432,479	\$ 1,496,843	\$ 1,295,642	\$ -136,837	-9.6%
Adult Wellness	643,855	542,808	567,197	542,808	0	0.0%
Child and Adolescent Wellness	1,424,456	1,205,958	1,260,144	1,455,958	250,000	20.7%
Chronic Conditions	1,846,534	1,280,149	1,337,669	1,280,149	0	0.0%
Community Capacity - GF	1,647,230	1,391,832	1,478,319	1,346,379	-45,453	-3.3%
Elderly Wellness	10,932,737	10,146,819	10,602,737	10,146,819	0	0.0%
Environmental Hazards	167,069	173,614	173,614	173,614	0	0.0%
Infectious Diseases	1,370,436	1,195,228	1,248,932	1,195,228	0	0.0%
Injuries	1,872,355	1,600,060	1,653,331	1,600,060	0	0.0%

Health and Human Rights

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Health, Department of Public (cont.)</u>						
Department of Public Health (cont.)						
Public Protection	7,323,647	7,036,690	7,307,237	6,891,602	-145,088	-2.1%
Resource Management	1,428,097	1,233,619	1,337,148	1,211,740	-21,879	-1.8%
Total Department of Public Health	31,039,736	27,239,256	28,463,171	27,139,999	-99,257	-0.4%
Public Health, Dept. of						
Knoxville Substance Abuse Cent	0	0	3,800,000	1,100,000	1,100,000	
Total Health, Department of Public	\$ 31,039,736	\$ 27,239,256	\$ 32,263,171	\$ 28,239,999	\$ 1,000,743	3.7%
<u>Human Rights, Department of</u>						
Administration	\$ 335,048	\$ 281,672	\$ 294,328	\$ 281,672	\$ 0	0.0%
Deaf Services	350,211	344,340	359,812	344,340	0	0.0%
Persons with Disabilities	204,880	190,226	198,773	190,226	0	0.0%
Division of Latino Affairs	183,062	170,589	178,254	170,589	0	0.0%
Status of Women	426,464	388,708	406,173	365,408	-23,300	-6.0%
Status of African Americans	140,525	136,707	142,850	136,707	0	0.0%
Criminal & Juvenile Justice	412,481	405,044	423,243	405,044	0	0.0%
Community Grant Fund	1,600,494	697,219	728,546	619,216	-78,003	-11.2%
Total Human Rights, Department of	\$ 3,653,165	\$ 2,614,505	\$ 2,731,979	\$ 2,513,202	\$ -101,303	-3.9%
<u>Veterans Affairs, Comm. of</u>						
Iowa Veterans Home	\$ 47,300,942	\$ 49,385,190	\$ 50,662,351	\$ 15,751,027	\$ -33,634,163	-68.1%
Veterans Affairs, Comm of	314,544	283,553	296,294	208,160	-75,393	-26.6%
War Orphans	6,000	0	0	0	0	
Merchant Marine Bonus	150,000	0	0	0	0	
Total Veterans Affairs, Comm. of	\$ 47,771,486	\$ 49,668,743	\$ 50,958,645	\$ 15,959,187	\$ -33,709,556	-67.9%
Total Health and Human Rights	\$ 91,218,226	\$ 87,180,025	\$ 93,955,386	\$ 53,998,446	\$ -33,181,579	-38.1%

Human Services

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of						
Economic Assistance						
Family Investment Program	\$ 35,545,738	\$ 34,595,550	\$ 35,164,955	\$ 35,288,782	\$ 693,232	2.0%
Emergency Assistance	10,000	9,570	0	0	-9,570	-100.0%
Child Support Recoveries	6,817,702	6,578,133	6,873,702	6,182,543	-395,590	-6.0%
Total Economic Assistance	42,373,440	41,183,253	42,038,657	41,471,325	288,072	0.7%
Medical Services						
Medical Assistance	400,662,028	395,384,550	478,198,857	386,172,889	-9,211,661	-2.3%
Pharmaceutical Case Mgmt Study	414,000	0	0	0	0	
Health Insurance Premium Pmt.	438,384	589,197	615,671	589,197	0	0.0%
State Children's Health Ins.	3,684,508	8,038,800	14,721,298	13,783,623	5,744,823	71.5%
Medical Contracts	8,426,282	8,325,900	8,918,759	8,325,900	0	0.0%
State Supplementary Assistance	19,985,747	18,709,350	19,914,761	19,550,000	840,650	4.5%
Total Medical Services	433,610,949	431,047,797	522,369,346	428,421,609	-2,626,188	-0.6%
Child and Family Services						
Child Care Services	5,050,752	4,833,570	5,050,752	5,050,752	217,182	4.5%
Toledo Juvenile Home	6,533,335	6,642,079	6,940,521	6,617,797	-24,282	-0.4%
Eldora Training School	10,809,260	10,954,730	11,446,949	10,862,677	-92,053	-0.8%
Child and Family Services	108,788,161	101,442,000	112,353,464	101,229,647	-212,353	-0.2%
Community Based Services	281,415	510,893	315,879	0	-510,893	-100.0%
Family Support Subsidy	2,028,215	1,999,994	2,132,284	1,999,994	0	0.0%
Child Abuse Centralized Intake	0	0	250,000	0	0	
Total Child and Family Services	133,491,138	126,383,266	138,489,849	125,760,867	-622,399	-0.5%
MH/MR/DD/BI						
Conners Training	46,000	44,022	46,000	44,022	0	0.0%
Cherokee Mental Health Inst.	13,275,299	13,678,496	14,293,099	13,634,655	-43,841	-0.3%
Clarinda Mental Health Inst.	7,546,461	7,771,995	8,121,207	7,588,989	-183,006	-2.4%

Human Services

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of (cont.)						
MH/MR/DD/BI (cont.)						
Independence Mental Health Ins	18,087,273	17,832,481	18,633,731	18,826,092	993,611	5.6%
Mt. Pleasant Mental Health Ins	5,559,175	5,732,536	5,990,111	2,227,313	-3,505,223	-61.1%
Glenwood Resource Center	3,735,483	4,247,004	2,741,088	2,398,965	-1,848,039	-43.5%
Woodward Resource Center	2,603,836	3,264,398	1,895,303	1,632,929	-1,631,469	-50.0%
MI/MR/DD Special Services	121,220	0	0	0	0	
DD Special Needs Grants	53,212	50,924	53,212	50,924	0	0.0%
MI/MR State Cases	12,608,845	12,153,900	14,637,000	14,090,900	1,937,000	15.9%
MH/DD Community Services	19,560,000	18,718,920	19,560,000	18,718,920	0	0.0%
Personal Assistance	364,000	252,648	164,000	164,000	-88,648	-35.1%
Sexual Predator Civil Commit.	1,201,212	1,350,286	4,918,581	3,481,110	2,130,824	157.8%
MH/DD Growth Factor	19,868,987	8,931,797	14,874,702	14,473,378	5,541,581	62.0%
Total MH/MR/DD/BI	104,631,003	94,029,407	105,928,034	97,332,197	3,302,790	3.5%
Managing and Delivering Services						
Field Operations	53,382,055	52,746,245	52,998,670	53,282,321	536,076	1.0%
General Administration	15,409,095	13,093,462	13,715,546	12,089,080	-1,004,382	-7.7%
Volunteers	118,250	113,165	118,250	113,165	0	0.0%
Total Managing and Delivering Services	68,909,400	65,952,872	66,832,466	65,484,566	-468,306	-0.7%
Total Human Services	\$ 783,015,930	\$ 758,596,595	\$ 875,658,352	\$ 758,470,564	\$ -126,031	0.0%

Justice System

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Attorney General</u>						
General Office A.G.	\$ 8,746,966	\$ 7,907,890	\$ 8,263,208	\$ 7,601,486	\$ -306,404	-3.9%
Prosecuting Attorney Training	327,021	300,042	313,524	288,417	-11,625	-3.9%
Victim Assistance Grants	1,935,806	1,835,893	1,918,384	1,794,758	-41,135	-2.2%
Area GASA Prosecuting Attys.	133,102	130,101	135,947	125,060	-5,041	-3.9%
Legal Services Poverty Grant	700,000	641,190	950,000	616,346	-24,844	-3.9%
Consumer Advocate	2,690,067	3,036,305	2,754,760	2,586,457	-449,848	-14.8%
Total Attorney General	\$ 14,532,962	\$ 13,851,421	\$ 14,335,823	\$ 13,012,524	\$ -838,897	-6.1%
<u>Corrections, Department of</u>						
Corrections Central Office						
County Confinement	\$ 524,038	\$ 700,438	\$ 700,438	\$ 700,438	\$ 0	0.0%
Federal Prisoners/Contractual	341,334	304,870	318,568	304,870	0	0.0%
Central Office Corrections	2,480,545	2,352,540	2,458,245	2,734,147	381,607	16.2%
Corrections Training Center	504,934	469,846	440,660	0	-469,846	-100.0%
Corrections Education	3,294,775	2,942,789	3,075,014	2,936,169	-6,620	-0.2%
Iowa Corr. Offender Network	600,000	535,901	559,980	535,901	0	0.0%
Corrections Expansion-Phase II	796,940	0	0	0	0	
Total Corrections Central Office	8,542,566	7,306,384	7,552,905	7,211,525	-94,859	-1.3%
Corrections Institutions						
Ft. Madison Inst.	32,825,512	28,260,837	31,781,147	33,674,916	5,414,079	19.2%
Anamosa Inst.	23,999,952	23,814,281	24,483,361	24,110,849	296,568	1.2%
Oakdale Inst.	21,961,745	21,838,879	22,440,965	21,791,220	-47,659	-0.2%
Newton Inst.	23,453,146	22,932,992	23,963,419	22,843,432	-89,560	-0.4%
Mt Pleasant Inst.	22,172,976	21,552,095	22,570,772	21,445,108	-106,987	-0.5%
Rockwell City Inst.	7,362,468	7,154,300	7,475,758	7,364,576	210,276	2.9%
Clarinda Inst.	18,263,634	18,569,657	18,729,653	18,569,657	0	0.0%

Justice System

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Corrections, Department of (cont.)</u>						
Corrections Institutions (cont.)						
Mitchellville Inst.	12,406,015	12,255,717	12,806,392	12,192,297	-63,420	-0.5%
Ft. Dodge Inst.	25,852,710	25,432,393	26,575,123	24,702,283	-730,110	-2.9%
Total Corrections Institutions	188,298,158	181,811,151	190,826,590	186,694,338	4,883,187	2.7%
CBC Districts						
CBC District I	9,132,984	9,190,925	9,454,577	9,190,925	0	0.0%
CBC District II	7,169,721	7,171,418	7,209,984	7,171,418	0	0.0%
CBC District III	4,404,618	4,180,916	4,278,040	4,180,916	0	0.0%
CBC District IV	3,178,085	3,924,636	4,123,757	3,947,415	22,779	0.6%
CBC District V	12,280,098	12,018,543	12,344,296	12,018,543	0	0.0%
CBC District VI	9,339,025	9,300,888	9,493,673	9,300,888	0	0.0%
CBC District VII	5,343,165	5,261,193	5,562,671	5,261,193	0	0.0%
CBC District VIII	5,213,347	5,224,668	5,299,761	5,224,668	0	0.0%
CBC Statewide	83,576	74,760	78,119	74,760	0	0.0%
Total CBC Districts	56,144,619	56,347,947	57,844,878	56,370,726	22,779	0.0%
Total Corrections, Department of	\$ 252,985,343	\$ 245,465,482	\$ 256,224,373	\$ 250,276,589	\$ 4,811,107	2.0%
<u>Inspections & Appeals, Dept of</u>						
Public Defender	\$ 14,396,099	\$ 14,784,626	\$ 15,988,630	\$ 15,988,630	\$ 1,204,004	8.1%
Indigent Defense Appropriation	21,204,376	18,962,093	23,135,268	18,258,089	-704,004	-3.7%
Total Inspections & Appeals, Dept of	\$ 35,600,475	\$ 33,746,719	\$ 39,123,898	\$ 34,246,719	\$ 500,000	1.5%
<u>Judicial Branch</u>						
Judicial Branch	\$ 111,913,805	\$ 113,592,628	\$ 114,373,228	\$ 114,373,228	\$ 780,600	0.7%
Juvenile Vict. Restitution	210,291				0	
Judicial Retirement	4,499,350	3,069,897	3,739,587	3,739,587	669,690	21.8%
Total Judicial Branch	\$ 116,623,446	\$ 116,662,525	\$ 118,112,815	\$ 118,112,815	\$ 1,450,290	1.2%

Justice System

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Law Enforcement Academy</u>						
Operations	\$ 1,401,142	\$ 1,383,715	\$ 1,383,715	\$ 1,330,101	\$ -53,614	-3.9%
<u>Parole, Board of</u>						
Parole Board	\$ 1,079,717	\$ 1,014,557	\$ 1,072,518	\$ 1,005,683	\$ -8,874	-0.9%
<u>Public Defense, Department of</u>						
Public Defense, Dept. of						
Military Division	\$ 5,232,749	\$ 5,536,940	\$ 5,536,940	\$ 5,536,940	\$ 0	0.0%
Emergency Management Division						
Emergency Management Division	1,060,082	1,078,676	1,078,676	1,291,407	212,731	19.7%
Total Public Defense, Department of	\$ 6,292,831	\$ 6,615,616	\$ 6,615,616	\$ 6,828,347	\$ 212,731	3.2%
<u>Public Safety, Department of</u>						
Public Safety Administration	\$ 2,629,511	\$ 2,551,402	\$ 2,569,562	\$ 0	\$ -2,551,402	-100.0%
Investigation, DCI	12,890,193	12,606,956	12,988,039	0	-12,606,956	-100.0%
Narcotics Enforcement	4,206,474	3,618,310	3,772,341	3,618,310	0	0.0%
Undercover Funds	139,202	129,804	129,804	0	-129,804	-100.0%
Fire Marshal	2,003,539	1,895,095	2,013,659	1,895,095	0	0.0%
Fire Service	606,460	608,938	608,938	608,938	0	0.0%
Capitol Security	1,391,412	1,323,575	1,401,373	0	-1,323,575	-100.0%
Iowa State Patrol	39,457,393	38,439,694	39,378,571	0	-38,439,694	-100.0%
AFIS System Maintenance	269,425	239,743	315,000	0	-239,743	-100.0%
DPS/SPOC Sick Leave Payout	0	288,139	288,139	0	-288,139	-100.0%
Fire Fighter Training	714,690	576,627	576,627	576,220	-407	-0.1%
Medical Injuries - DPS Custody	2,903	283	0	0	-283	-100.0%
Total Public Safety, Department of	\$ 64,311,202	\$ 62,278,566	\$ 64,042,053	\$ 6,698,563	\$ -55,580,003	-89.2%
Total Justice System	\$ 492,827,118	\$ 481,018,601	\$ 500,910,811	\$ 431,511,341	\$ -49,507,260	-10.3%

Trans., Infra., Capitals General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Transportation, Department of</u>						
Aviation Assistance	\$ 2,435,000	\$ 2,152,082	\$ 2,249,000	\$ 2,152,082	\$ 0	0.0%
Rail Assistance	602,000	574,200	600,000	574,200	0	0.0%
Aviation Operations	2,443	0	0	0	0	
Total Trans., Infra., & Capitals	<u>\$ 3,039,443</u>	<u>\$ 2,726,282</u>	<u>\$ 2,849,000</u>	<u>\$ 2,726,282</u>	<u>\$ 0</u>	0.0%

Oversight and Communications

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Education, Department of</u>						
IPTV - Regional Councils	\$ 2,179,718	\$ 1,952,091	\$ 2,039,806	\$ 1,876,368	\$ -75,723	-3.9%
<u>IA Telecommun & Technology Commission</u>						
ICN Operations/Edu. Subsidy	\$ 3,181,920	\$ 2,138,254	\$ 1,234,330	\$ 0	\$ -2,138,254	-100.0%
<u>Information Technology, Dept. of</u>						
ITD Operations	\$ 4,656,371	\$ 3,342,694	\$ 3,492,888	\$ 0	\$ -3,342,694	-100.0%
<u>Treasurer of State</u>						
ICN Debt Service	\$ 12,860,000	\$ 9,939,165	\$ 0	\$ 0	\$ -9,939,165	-100.0%
Total Oversight and Communications	<u>\$ 22,878,009</u>	<u>\$ 17,372,204</u>	<u>\$ 6,767,024</u>	<u>\$ 1,876,368</u>	<u>\$ -15,495,836</u>	-89.2%

Unassigned Standing

General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Corrections, Department of</u>						
State Cases	\$ 0	\$ 0	\$ 66,370	\$ 0	\$ 0	
<u>Education, Department of</u>						
Child Development	\$ 12,560,000	\$ 11,560,000	\$ 11,560,000	\$ 11,560,000	\$ 0	0.0%
Educational Excellence	80,891,336	80,891,336	80,891,336	80,891,336	0	0.0%
Early Intervention Block Grant	20,000,000	30,000,000	30,000,000	30,000,000	0	0.0%
Instructional Support	14,798,227	14,798,227	14,798,227	14,798,227	0	0.0%
School Foundation Aid	1,751,721,662	1,725,090,503	1,880,702,406	1,784,090,503	59,000,000	3.4%
Technology/School Improvement	30,000,000	10,000,000	10,000,000	10,000,000	0	0.0%
Transportation/Nonpublic	8,315,505	7,799,550	8,600,000	8,249,550	450,000	5.8%
AEA 16 Supplemental	0	118,000	0	0	-118,000	-100.0%
Total Education, Department of	\$ 1,918,286,730	\$ 1,880,257,616	\$ 2,036,551,969	\$ 1,939,589,616	\$ 59,332,000	3.2%
<u>Executive Council</u>						
Court Costs	\$ 15,699	\$ 71,775	\$ 75,000	\$ 75,000	\$ 3,225	4.5%
Public Improvements	0	47,850	50,000	50,000	2,150	4.5%
Performance of Duty	-657,695	1,500,000	1,500,000	1,500,000	0	0.0%
Drainage Assessment	57,897	23,925	25,000	25,000	1,075	4.5%
Total Executive Council	\$ -584,099	\$ 1,643,550	\$ 1,650,000	\$ 1,650,000	\$ 6,450	0.4%
<u>Legislative Branch</u>						
Legislature						
Legislature	\$ 25,202,084	\$ 25,268,527	\$ 27,608,801	\$ 27,608,801	\$ 2,340,274	9.3%
Joint Dues Expenses						
Natl Conf of State Legislature	104,314	107,077	110,166	110,166	3,089	2.9%
Amer Leg. Exchange Council	0	7,500	7,500	7,500	0	0.0%

Unassigned Standing

General Fund

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Legislative Branch (cont.)</u>						
Joint Dues Expenses (cont.)						
Council of State Governments	86,554	86,544	0	92,719	6,175	7.1%
Uniform State Laws Commission	25,886	24,773	25,886	25,886	1,113	4.5%
Total Joint Dues Expenses	216,754	225,894	143,552	236,271	10,377	4.6%
Total Legislative Branch	\$ 25,418,838	\$ 25,494,421	\$ 27,752,353	\$ 27,845,072	\$ 2,350,651	9.2%
<u>Governor</u>						
Interstate Extradition Expense	\$ 1,771	\$ 4,000	\$ 4,000	\$ 3,845	\$ -155	-3.9%
<u>Human Services, Department of</u>						
Commission of Inquiry	\$ 0	\$ 1,723	\$ 1,800	\$ 1,723	\$ 0	0.0%
Non Resident Transfer Mentally	0	83	87	83	0	0.0%
Non Resident Commitment	114,488	176,469	184,398	176,469	0	0.0%
MH Property Tax Relief	95,000,000	95,000,000	95,000,000	95,000,000	0	0.0%
Total Human Services, Department of	\$ 95,114,488	\$ 95,178,275	\$ 95,186,285	\$ 95,178,275	\$ 0	0.0%
<u>Inspections & Appeals, Dept of</u>						
Poultry Show Exhibit Reimb	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Management, Department of</u>						
Special Olympics Fund	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0	0.0%
Indian Settlement Officer	25,000	0	0	0	0	
Appeal Board	7,966,363	5,500,000	5,500,000	7,500,000	2,000,000	36.4%
Total Management, Department of	\$ 8,021,363	\$ 5,530,000	\$ 5,530,000	\$ 7,530,000	\$ 2,000,000	36.2%
<u>Public Defense, Department of</u>						
Compensation & Expense	\$ 770,222	\$ 435,000	\$ 110,000	\$ 435,000	\$ 0	0.0%

Unassigned Standing General Fund

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Revenue and Finance, Dept. of</u>						
Machinery/Equip Prop Tax Replacement	\$ 41,631,863	\$ 16,140,000	\$ 21,640,000	\$ 21,640,000	\$ 5,500,000	34.1%
Ag Land Tax Credit	39,100,000	37,418,700	37,418,700	37,418,700	0	0.0%
Livestock Producers Credit	2,000,000	1,914,000	1,914,000	1,914,000	0	0.0%
Property Tax Replacement	56,287,557	53,867,192	53,867,192	53,867,192	0	0.0%
Federal Cash Management	511,083	574,200	574,200	574,200	0	0.0%
Printing Cigarette Stamps	115,000	110,055	110,055	110,055	0	0.0%
Homestead Tax Credit Aid	113,984,257	110,916,300	111,299,100	111,299,100	382,800	0.3%
Elderly & Disabled Prop Tax Cr	15,762,909	15,886,200	16,651,800	16,651,800	765,600	4.8%
Municpl Fire & Police Retire	2,942,724	2,816,189	2,816,189	2,816,189	0	0.0%
Unemployment Comp - State	273,970	353,000	353,000	353,000	0	0.0%
Collection Agencies Reimburse	-145,944	0	0	0	0	
Franchise Tax Reimbursement	8,792,763	8,421,600	8,421,600	8,421,600	0	0.0%
Military Service Tax Credit	2,617,538	2,649,187	2,649,187	2,649,187	0	0.0%
Deferred Compensation Project	49,298	240,311	51,207	51,207	-189,104	-78.7%
Total Revenue and Finance, Dept. of	\$ 283,923,018	\$ 251,306,934	\$ 257,766,230	\$ 257,766,230	\$ 6,459,296	2.6%
<u>Secretary of State</u>						
Iowa Servicemens Ballot Comm	\$ 0	\$ 3,500	\$ 0	\$ 0	\$ -3,500	-100.0%
Constitutional Amendments	0	0	2,565	2,565	2,565	
Total Secretary of State	\$ 0	\$ 3,500	\$ 2,565	\$ 2,565	\$ -935	-26.7%
<u>Transportation, Department of</u>						
Public Transit Assistance	\$ 14,842,381	\$ 9,031,115	\$ 9,777,809	\$ 9,031,115	\$ 0	0.0%
Total Unassigned Standing	\$ 2,345,795,212	\$ 2,268,884,411	\$ 2,434,397,581	\$ 2,339,031,718	\$ 70,147,307	3.1%

Summary Data

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Administration and Regulation	\$ 27,068,270	\$ 109,752,291	\$ 80,206,726	\$ 89,301,814	\$ -20,450,477	-18.6%
Ag. and Natural Resources	31,435,440	34,855,738	34,271,706	34,271,706	-584,032	-1.7%
Economic Development	17,371,000	6,598,078	12,423,078	12,423,078	5,825,000	88.3%
Education	0	41,153,250	0	1,153,250	-40,000,000	-97.2%
Health and Human Rights	32,213,248	34,974,604	34,029,104	33,657,616	-1,316,988	-3.8%
Human Services	73,125,034	85,854,832	85,854,832	124,454,832	38,600,000	45.0%
Justice System	1,660,000	5,660,000	5,660,000	60,919,041	55,259,041	976.3%
Trans., Infra., & Capitals	431,219,752	436,992,465	646,364,045	455,103,803	18,111,338	4.1%
Oversight and Communications	2,727,004	16,500,000	77,255,089	10,227,004	-6,272,996	-38.0%
Unassigned Standing	7,880,000	2,077,500	3,535,719	3,443,000	1,365,500	65.7%
Grand Total	\$ 624,699,748	\$ 774,418,758	\$ 979,600,299	\$ 824,955,144	\$ 50,536,386	6.5%

Administration and Regulation

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Administrative Services, Dept. of</u>						
Primary Road HR Bureau	\$ 0	\$ 0	\$ 0	\$ 423,539	\$ 423,539	
Ready to Work (Long-Term Dis)	0	0	0	44,708	44,708	
Ready to Work (Wkrs Comp)	0	0	0	44,708	44,708	
Road Use Tax HR Bureau	0	0	0	69,237	69,237	
MVFT Administration	0	0	0	9,851	9,851	
Total Administrative Services, Dept. of	\$ 0	\$ 0	\$ 0	\$ 592,043	\$ 592,043	
<u>Commerce, Department of</u>						
Professional Licensing	\$ 62,317	\$ 62,317	\$ 62,317	\$ 0	\$ -62,317	-100.0%
<u>General Services, Dept. of</u>						
Centralized Purchasing Divsn	\$ 1,036,522	\$ 1,118,960	\$ 1,118,960	\$ 1,118,960	\$ 0	0.0%
State Fleet Administrator	847,776	881,501	881,501	881,501	0	0.0%
Central Print Division	1,098,927	1,178,523	1,328,025	1,328,025	149,502	12.7%
Total General Services, Dept. of	\$ 2,983,225	\$ 3,178,984	\$ 3,328,486	\$ 3,328,486	\$ 149,502	4.7%
<u>Inspections & Appeals, Dept of</u>						
Administrative Hearings Div.	\$ 1,150,421	\$ 1,197,552	\$ 1,197,552	\$ 1,197,552	\$ 0	0.0%
<u>Management, Department of</u>						
DOM General Office - RUTF	\$ 56,000	\$ 56,000	\$ 56,000	\$ 56,000	\$ 0	0.0%
Salary Adjustment	0	9,000,000	0	0	-9,000,000	-100.0%
C.L.E.A.N. - Iowa 2010	78,280	0	0	0	0	
Youth Conference - Iowa 2010	939	0	0	0	0	
Study On Homeless - Iowa 2010	396	0	0	0	0	
Road Use Tax Salary Adjustment	362,612	3,122,527	0	1,588,368	-1,534,159	-49.1%

Administration and Regulation

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Management, Department of (cont.)</u>						
Primary Road Salary Adjustment	4,584,697	10,305,191	0	8,627,499	-1,677,692	-16.3%
Total Management, Department of	\$ 5,082,924	\$ 22,483,718	\$ 56,000	\$ 10,271,867	\$ -12,211,851	-54.3%
<u>Personnel, Department of</u>						
Personnel, Department of						
Ready to Work (Wrks Comp)	\$ 44,708	\$ 44,708	\$ 44,708	\$ 0	\$ -44,708	-100.0%
Primary Road HR Bureau	410,100	423,539	423,539	0	-423,539	-100.0%
Road Use Tax HR Bureau	66,760	69,237	69,237	0	-69,237	-100.0%
Health Insurance Reform Prog.	544,026	0	0	0	0	
Ready to Work (Hlth Care Res)	44,708	0	0	0	0	
Ready to Work (Long Term Dis)	0	44,708	44,708	0	-44,708	-100.0%
Total Personnel, Department of	1,110,302	582,192	582,192	0	-582,192	-100.0%
IDOP - Retirement						
IPERS Administration	5,688,002	8,274,702	9,182,353	8,062,203	-212,499	-2.6%
IPERS Management Inform System	1,338,030	0	0	0	0	
IPERS One Times - HF 2545	530,411	0	0	0	0	
IPERS Structure & Governance	150,000	0	0	0	0	
Total IDOP - Retirement	7,706,443	8,274,702	9,182,353	8,062,203	-212,499	-2.6%
Total Personnel, Department of	\$ 8,816,745	\$ 8,856,894	\$ 9,764,545	\$ 8,062,203	\$ -794,691	-9.0%
<u>Revenue and Finance, Dept. of</u>						
Revenue and Finance, Dept. of						
MVFT - Administration	\$ 1,017,849	\$ 1,084,112	\$ 1,084,112	\$ 1,073,632	\$ -10,480	-1.0%
Terminal Liability Health Insurance	0	9,000,000	0	0	-9,000,000	-100.0%
Total Revenue and Finance, Dept. of	1,017,849	10,084,112	1,084,112	1,073,632	-9,010,480	-89.4%

Administration and Regulation

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Revenue and Finance, Dept. of (cont.)</u>						
Lottery Division						
Lottery Operations	7,954,789	8,888,714	8,888,714	8,888,714	0	0.0%
Total Revenue and Finance, Dept. of	\$ 8,972,638	\$ 18,972,826	\$ 9,972,826	\$ 9,962,346	\$ -9,010,480	-47.5%
<u>Secretary of State</u>						
Business Services - Housing Impr. Fund	\$ 0	\$ 0	\$ 0	\$ 62,317	\$ 62,317	
<u>Treasurer of State</u>						
Healthy Iowans Tobacco Trust	\$ 0	\$ 55,000,000	\$ 55,825,000	\$ 55,825,000	\$ 825,000	1.5%
Total Administration and Regulation	\$ 27,068,270	\$ 109,752,291	\$ 80,206,726	\$ 89,301,814	\$ -20,450,477	-18.6%

Ag. and Natural Resources

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Agriculture & Land Stewardship</u>						
Regulatory Division - Horse & Dog Fund	\$ 271,307	\$ 493,441	\$ 0	\$ 0	\$ -493,441	-100.0%
Admin. Division - Horse & Dog Fund	0	0	293,441	293,441	293,441	
Renewable Fuels - VAAPFAP	0	400,000	400,000	400,000	0	0.0%
Total Agriculture & Land Stewardship	\$ 271,307	\$ 893,441	\$ 693,441	\$ 693,441	\$ -200,000	-22.4%
<u>Natural Resources, Department of</u>						
Fish and Game Protection Fund	\$ 26,371,240	\$ 27,794,786	\$ 28,044,786	\$ 28,044,786	\$ 250,000	0.9%
Snowmobile Fees To F&G Fund	100,000	100,000	100,000	100,000	0	0.0%
Boat Registration Fees To F&G	1,400,000	1,400,000	1,400,000	1,400,000	0	0.0%
Underground Storage Tank Fund	75,000	75,000	75,000	75,000	0	0.0%
Stormwater Transfer to E & G	0	200,000	0	0	-200,000	-100.0%
Stormwater Transfer To EPD	0	250,000	0	0	-250,000	-100.0%
Oil Overchar (EXXON) Req 02	0	0	50,000	50,000	50,000	
Oil Overcharge (Stripper Well)	0	0	150,000	150,000	150,000	
Groundwater Protection Fund	3,217,893	4,068,905	3,758,479	3,758,479	-310,426	-7.6%
Hazardous Waste Remedial Fund	0	73,606	0	0	-73,606	-100.0%
Total Natural Resources, Department of	\$ 31,164,133	\$ 33,962,297	\$ 33,578,265	\$ 33,578,265	\$ -384,032	-1.1%
Total Ag. and Natural Resources	\$ 31,435,440	\$ 34,855,738	\$ 34,271,706	\$ 34,271,706	\$ -584,032	-1.7%

Economic Development

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Economic Development, Dept. of</u>						
Administrative Services						
Workforce Dev. Approp.	\$ 8,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0	0.0%
Business Development						
Insurance Development	100,000	100,000	0	0	-100,000	-100.0%
Community & Rural Development						
Tourism Operations	0	1,200,000	1,200,000	1,200,000	0	0.0%
RC 2000 - Council of Gov.	150,000	150,000	0	0	-150,000	-100.0%
RC 2000 - Rural Dev. Prg.	370,000	370,000	0	0	-370,000	-100.0%
Community Dev. Loan Fund	50,000	50,000	0	0	-50,000	-100.0%
Total Community & Rural Development	570,000	1,770,000	1,200,000	1,200,000	-570,000	-32.2%
Total Economic Development, Dept. of	\$ 8,670,000	\$ 5,870,000	\$ 5,200,000	\$ 5,200,000	\$ -670,000	-11.4%
<u>Iowa Workforce Development</u>						
260E Labor Management Projects	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ -30,000	-100.0%
Job Service ACS (Surcharge)	7,500,000		6,525,000	6,525,000	6,525,000	
Workers' Comp. Division - P & I Fund	471,000	471,000	471,000	471,000	0	0.0%
P&I Immigration Service Center	160,000	160,000	160,000	160,000	0	0.0%
Employment Statistics - P & I Fund	0	67,078	67,078	67,078	0	0.0%
Target Alliance - 260E Job Training Fund	30,000	0	0	0	0	
P & I Projects	540,000	0	0	0	0	
Total Iowa Workforce Development	\$ 8,701,000	\$ 728,078	\$ 7,223,078	\$ 7,223,078	\$ 6,495,000	892.1%
Total Economic Development	\$ 17,371,000	\$ 6,598,078	\$ 12,423,078	\$ 12,423,078	\$ 5,825,000	88.3%

Education

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Education, Department of</u>						
Empowerment - Tbco	\$ 0	\$ 1,153,250	\$ 0	\$ 1,153,250	\$ 0	0.0%
Student Achieve/Teacher Quality - Tbco	0	40,000,000	0	0	-40,000,000	-100.0%
Total Education	\$ 0	\$ 41,153,250	\$ 0	\$ 1,153,250	\$ -40,000,000	-97.2%

Health and Human Rights

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Elder Affairs, Department of</u>						
Aging Programs - SLTF	\$ 4,188,123	\$ 5,339,344	\$ 6,553,967	\$ 6,553,967	\$ 1,214,623	22.7%
<u>Health, Department of Public</u>						
Public Health, Dept. of						
Substance Abuse Treatment - Tbco	\$ 0	\$ 2,000,000	\$ 0	\$ 0	\$ -2,000,000	-100.0%
Smoking Cessation Products - Tbco	0	75,000	75,000	75,000	0	0.0%
Total Public Health, Dept. of	0	2,075,000	75,000	75,000	-2,000,000	-96.4%
Department of Public Health						
Tobacco Use Prev./Control-Tbco	9,323,125	9,345,394	9,345,394	9,345,394	0	0.0%
Substance Abuse-Tbco	11,900,000	11,825,000	11,825,000	11,825,000	0	0.0%
Healthy Iowans 2010-Tbco	2,800,000	2,565,064	2,565,064	2,565,064	0	0.0%
Child and Adolescent Wellness	100,000	0	0	0	0	
Elderly Wellness	400,000	0	0	0	0	
Environmental Hazards	20,000	0	0	0	0	
Addictive Disorders-Gambling	3,382,000	3,453,314	3,293,191	3,293,191	-160,123	-4.6%
Total Department of Public Health	27,925,125	27,188,772	27,028,649	27,028,649	-160,123	-0.6%
Total Health, Department of Public	\$ 27,925,125	\$ 29,263,772	\$ 27,103,649	\$ 27,103,649	\$ -2,160,123	-7.4%
<u>Human Rights, Department of</u>						
hawk-i Outreach	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Veterans Affairs, Comm. of</u>						
Iowa Veterans Home	\$ 0	\$ 371,488	\$ 371,488	\$ 0	\$ -371,488	-100.0%
Total Health and Human Rights	\$ 32,213,248	\$ 34,974,604	\$ 34,029,104	\$ 33,657,616	\$ -1,316,988	-3.8%

Human Services

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
Human Services, Department of						
Medical Services						
Phys Et Al Provider Inc-Tbco	\$ 6,000,000	\$ 8,095,718	\$ 8,095,718	\$ 8,095,718	\$ 0	0.0%
Dental Provider Inc-Tbco	3,600,000	3,814,973	3,814,973	3,814,973	0	0.0%
Hospital Provider Inc-Tbco	2,300,000	3,035,278	3,035,278	3,035,278	0	0.0%
Home Hlth Care Prov Inc-Tbco	2,400,000	2,108,279	2,108,279	2,108,279	0	0.0%
Critical Access Hospitals-Tbco	250,000	250,000	250,000	250,000	0	0.0%
Home Hlth & Hab. Day Care Exp.	4,400,000	1,975,496	1,975,496	1,975,496	0	0.0%
Respite Care Expansion-Tbco	1,200,000	1,137,309	1,137,309	1,137,309	0	0.0%
CHIP Exp. to 200% of FPL-Tbco	200,000	200,000	200,000	200,000	0	0.0%
Cont. Eligibility Pilot-Tbco	35,000	0	0	0	0	
Medical Assistance	6,600,000	6,600,000	6,600,000	6,600,000	0	0.0%
HIPAA Implementation	0	0	0	3,600,000	3,600,000	
Breast Cancer Treatment	0	250,000	250,000	250,000	0	0.0%
Medical Assist Supp (FY 02)-Medicaid	0	7,500,000	7,500,000	7,500,000	0	0.0%
Medical Assist Supp (FY 03)-Medicaid	0	0	0	10,000,000	10,000,000	
Hospital Trust Fund Supp.-Medicaid	0	0	0	25,000,000	25,000,000	
LTC Provider Rate Changes-SLTF	17,750,000	24,750,000	24,750,000	24,750,000	0	0.0%
Nurse Facility Conv. Grnts-SLT	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0%
LTC Alternative Services-SLTF	2,240,034	1,733,406	1,733,406	1,733,406	0	0.0%
Total Medical Services	66,975,034	81,450,459	81,450,459	120,050,459	38,600,000	47.4%
Child and Family Services						
RTSS Provider Increase-Tbco	3,100,000	3,243,026	3,243,026	3,243,026	0	0.0%
Adoption, Il, Sc, Hs Prov-Tbco	500,000	468,967	468,967	468,967	0	0.0%
Provider Rate/Meth Chgs-Tbco	550,000	545,630	545,630	545,630	0	0.0%
Total Child and Family Services	4,150,000	4,257,623	4,257,623	4,257,623	0	0.0%

Human Services

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Services, Department of (cont.)</u>						
MH/MR/DD/BI						
POS Provider Increase-Tbco	2,000,000	146,750	146,750	146,750	0	0.0%
Total Human Services	\$ 73,125,034	\$ 85,854,832	\$ 85,854,832	\$ 124,454,832	\$ 38,600,000	45.0%

Justice System

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Corrections, Department of</u>						
CBC District II	\$ 127,217	\$ 127,217	\$ 127,217	\$ 127,217	\$ 0	0.0%
CBC District III	35,359	35,359	35,359	35,359	0	0.0%
CBC District IV	191,731	191,731	191,731	191,731	0	0.0%
CBC District V	255,693	255,693	255,693	255,693	0	0.0%
Total Corrections, Department of	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 0	0.0%
<u>Judicial Branch</u>						
Enhanced Court Collect	\$ 0	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0	0.0%
Court Tech & Modern Fund	1,000,000	1,000,000	1,000,000	1,000,000	0	0.0%
Total Judicial Branch	\$ 1,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 0	0.0%
<u>Public Safety, Department of</u>						
Public Safety Administration-MV Use Tax	\$ 0	\$ 0	\$ 0	\$ 2,510,480	\$ 2,510,480	
Investigation, DCI - MV Use Tax	0	0	0	12,846,699	12,846,699	
Undercover Funds - MV Use Tax	0	0	0	129,804	129,804	
Capitol Security - MV Use Tax	0	0	0	1,323,575	1,323,575	
Iowa State Patrol - MV Use Tax	0	0	0	38,160,344	38,160,344	
DPS/SPOC Sick Leave - MV Use Tax	0	0	0	288,139	288,139	
Fire Marshal School Infra. - MV Use Tax	50,000	50,000	50,000	50,000	0	0.0%
Total Public Safety, Department of	\$ 50,000	\$ 50,000	\$ 50,000	\$ 55,309,041	\$ 55,259,041	110518.1%
Total Justice System	\$ 1,660,000	\$ 5,660,000	\$ 5,660,000	\$ 60,919,041	\$ 55,259,041	976.3%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Agriculture & Land Stewardship</u>						
Rebuild Iowa Infrastructure Fund						
Loess Hills Dev. Authority	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 0	
Watershed Protection Program	1,250,000	0	0	0	0	
Des Moines Lobe-CREP	0	0	200,000	0	0	
Total Rebuild Iowa Infrastructure Fund	3,250,000	0	200,000	0	0	
Environment First Fund						
Cons. Reserve Enhance (CREP)	1,500,000	1,500,000	1,500,000	1,500,000	0	0.0%
Watershed Protection Program	1,450,000	2,700,000	2,700,000	2,700,000	0	0.0%
Farm Demonstration Program	350,000	850,000	850,000	850,000	0	0.0%
Agricultural Drainage Wells	0	1,000,000	1,000,000	1,000,000	0	0.0%
Soil Conservation Cost Share	2,000,000	7,500,000	10,000,000	7,500,000	0	0.0%
Cons. Reserve Program (CRP)	1,500,000	1,500,000	1,500,000	1,500,000	0	0.0%
Loess Hills Conservation Auth.	0	750,000	0	750,000	0	0.0%
Reclamation Plans	50,000	0	0	0	0	
Southern IA Cons Authority	0	250,000	0	250,000	0	0.0%
Soil Conservation Division	550,000	0	0	0	0	
Total Environment First Fund	7,400,000	16,050,000	17,550,000	16,050,000	0	0.0%
Total Agriculture & Land Stewardship	\$ 10,650,000	\$ 16,050,000	\$ 17,750,000	\$ 16,050,000	\$ 0	0.0%
<u>Dept. for the Blind Capitals</u>						
Dormitory Renovations	\$ 122,000	\$ 0	\$ 0	\$ 0	\$ 0	
<u>DED Capitals</u>						
Economic Development Capitals						
ACE Program - Tbco	\$ 0	\$ 2,500,000	\$ 0	\$ 2,500,000	\$ 0	0.0%
Rebuild Iowa Infrastructure Fund						
Physical Infrastructure Assist	2,500,000	0	0	0	0	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>DED Capitals (cont.)</u>						
Rebuild Iowa Infrastructure Fund (cont.)						
Fire Safety/Dry Hydrants	200,000	0	0	0	0	
Local Housing Assistance	1,000,000	1,000,000	1,000,000	800,000	-200,000	-20.0%
Advanced Research Assistance	4,000,000	0	4,000,000	0	0	
ACE Program	5,300,000	0	2,500,000	0	0	
Total Rebuild Iowa Infrastructure Fund	13,000,000	1,000,000	7,500,000	800,000	-200,000	-20.0%
Environment First Fund						
Brownfields Redevelopment Prog	3,000,000	2,000,000	2,000,000	0	-2,000,000	-100.0%
Total DED Capitals	\$ 16,000,000	\$ 5,500,000	\$ 9,500,000	\$ 3,300,000	\$ -2,200,000	-40.0%
<u>Transportation, Department of</u>						
Road Use Tax Fund						
Driver's Lic. Equip Lease	\$ 2,103,000	\$ 3,997,000	\$ 3,997,000	\$ 3,997,000	\$ 0	0.0%
Operations & Finance	5,367,089	5,747,504	4,987,919	4,987,919	-759,585	-13.2%
Administrative Services	959,781	543,008	515,899	515,899	-27,109	-5.0%
Planning & Programming	527,146	487,563	461,698	461,698	-25,865	-5.3%
Motor Vehicle	27,258,493	28,291,902	26,841,204	26,841,204	-1,450,698	-5.1%
Personnel Reimbursement	37,500	37,500	37,500	37,500	0	0.0%
Unemployment Compensation	17,000	17,000	17,000	17,000	0	0.0%
Workers' Compensation	77,000	77,000	77,000	77,000	0	0.0%
Indirect Cost Recoveries	92,000	102,000	102,000	102,000	0	0.0%
Auditor Reimbursement	42,000	48,000	55,000	55,000	7,000	14.6%
Co. Issuance-Driver Lic.	20,000	30,000	30,000	30,000	0	0.0%
Road/Weather Conditions Inform	100,000	100,000	100,000	100,000	0	0.0%
I-35 Corridor Coalition	50,000	50,000	0	0	-50,000	-100.0%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Transportation, Department of (cont.)						
Road Use Tax Fund (cont.)						
Mississippi River Parkway Comm	0	0	40,000	40,000	40,000	
Vehicle Reg. System Rewrite	0	0	5,000,000	5,000,000	5,000,000	
Total Road Use Tax Fund	36,651,009	39,528,477	42,262,220	42,262,220	2,733,743	6.9%
Primary Road Fund						
Operations & Finance	32,969,263	32,032,343	30,831,081	30,831,081	-1,201,262	-3.8%
Administrative Services	5,895,791	3,335,632	3,169,101	3,169,101	-166,531	-5.0%
Planning & Programming	10,006,550	9,263,676	8,772,302	8,772,302	-491,374	-5.3%
Highway Division	170,521,528	175,195,223	166,244,000	166,244,000	-8,951,223	-5.1%
Motor Vehicle	1,083,737	1,118,328	1,098,796	1,098,796	-19,532	-1.7%
Equipment Replacement	6,340,000	5,340,000	0	0	-5,340,000	-100.0%
Personnel Reimbursement	712,500	712,500	712,500	712,500	0	0.0%
Unemployment Compensation	328,000	328,000	328,000	328,000	0	0.0%
Workers Compensation	1,463,000	1,883,000	1,883,000	1,883,000	0	0.0%
Garage Fuel & Waste Management	1,000,000	800,000	800,000	800,000	0	0.0%
Indirect Cost Recov.	658,000	748,000	748,000	748,000	0	0.0%
Auditor Reimbursement	255,000	297,000	340,000	340,000	43,000	14.5%
Heating System Replacements	200,000	200,000	200,000	200,000	0	0.0%
Field Tuckpointing	100,000	100,000	100,000	100,000	0	0.0%
Field Facility Deferred Maint.	0	351,500	351,500	351,500	0	0.0%
Ames Site Utilization Study	0	200,000	0	0	-200,000	-100.0%
Biodegradable Hydraulic Fluids	15,000	0	0	0	0	
Biodiesel Fuel	20,000	0	0	0	0	
Transportation Maps	0	0	300,000	300,000	300,000	
Total Primary Road Fund	231,568,369	231,905,202	215,878,280	215,878,280	-16,026,922	-6.9%
Total Transportation, Department of	\$ 268,219,378	\$ 271,433,679	\$ 258,140,500	\$ 258,140,500	\$ -13,293,179	-4.9%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Treasurer of State</u>						
Treasurer of State						
County Fair Improvements - Tbco	\$ 0	\$ 1,060,000	\$ 0	\$ 1,060,000	\$ 0	0.0%
Community Attraction & Tourism - Tbco	0	12,500,000	0	12,500,000	0	0.0%
ICN Debt Service - Tbco	0	1,465,835	12,855,000	12,855,000	11,389,165	777.0%
Prison Infrastructure Bonds - Tbco	0	5,182,272	5,185,576	5,185,576	3,304	0.1%
Attorney Litigation Fees-Tbco	0	10,617,000	0	14,924,000	4,307,000	40.6%
Total Treasurer of State	0	30,825,107	18,040,576	46,524,576	15,699,469	50.9%
Rebuild Iowa Infrastructure Fund						
County Fair Infrastructure Imp	1,060,000	0	0	0	0	
Community Attraction & Tourism	12,500,000	0	12,500,000	0	0	
Total Rebuild Iowa Infrastructure Fund	13,560,000	0	12,500,000	0	0	
Total Treasurer of State	\$ 13,560,000	\$ 30,825,107	\$ 30,540,576	\$ 46,524,576	\$ 15,699,469	50.9%
<u>Corrections Capital</u>						
Corrections Capital						
Institutional Perimeter Fence - Tbco	\$ 0	\$ 0	\$ 0	\$ 3,523,850	\$ 3,523,850	
Fort Madison Special Need - Tbco	0	6,400,000	0	0	-6,400,000	-100.0%
Oakdale Water Access - Tbco	0	100,000	0	0	-100,000	-100.0%
Mitchellville Waste Water - Tbco	0	364,400	0	0	-364,400	-100.0%
Ft. Madison-Alliant Energy - Tbco	0	333,168	0	333,168	0	0.0%
Total Corrections Capital	0	7,197,568	0	3,857,018	-3,340,550	-46.4%
Rebuild Iowa Infrastructure Fund						
Fort Madison Special Need	3,000,000	0	2,000,000	2,000,000	2,000,000	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Corrections Capital (cont.)</u>						
Rebuild Iowa Infrastructure Fund (cont.)						
CBC Facility Expansions	900,000	0	0	0	0	
Corrections Capitals	0	0	72,809,463	0	0	
Total Rebuild Iowa Infrastructure Fund	3,900,000	0	74,809,463	2,000,000	2,000,000	
Total Corrections Capital	\$ 3,900,000	\$ 7,197,568	\$ 74,809,463	\$ 5,857,018	\$ -1,340,550	-18.6%
<u>Cultural Affairs Capital</u>						
Historical Site Preservation - Tbco	\$ 2,500,000	\$ 1,000,000	\$ 2,500,000	\$ 800,000	\$ -200,000	-20.0%
Battle Flag Preservation - Tbco	0	150,000	275,000	150,000	0	0.0%
Total Cultural Affairs Capital	\$ 2,500,000	\$ 1,150,000	\$ 2,775,000	\$ 950,000	\$ -200,000	-17.4%
<u>Iowa Workforce Development Capitals</u>						
IWD Capital Projects-RIIF	\$ 0	\$ 0	\$ 571,400	\$ 0	\$ 0	
<u>State Fair Authority Capital</u>						
State Fair Authority Capital						
Capital Improvements-Tbco	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ -500,000	-100.0%
Rebuild Iowa Infrastructure Fund						
Capital Improvements	5,000,000	0	0	0	0	
Total State Fair Authority Capital	\$ 5,000,000	\$ 500,000	\$ 0	\$ 0	\$ -500,000	-100.0%
<u>General Services Capital</u>						
General Services Capital						
Metro Med Center Option-Tbco	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ -500,000	-100.0%
Med Cent Appraisal/Study-Tbco	0	250,000	0	0	-250,000	-100.0%
Major Maintenance-Tbco	0	11,500,000	0	15,750,000	4,250,000	37.0%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
General Services Capital (cont.)						
General Services Capital (cont.)						
Property Acquisition-Tbco	0	200,000	0	0	-200,000	-100.0%
Capitol Rest. Interior-Tbco	0	1,700,000	0	2,700,000	1,000,000	58.8%
State Laboratory Facility-Tbco	0	16,670,000	16,670,000	16,670,000	0	0.0%
Micrographic Demolition-Tbco	0	0	0	170,000	170,000	
Capitol Complex Security-Tbco	0	0	0	1,000,000	1,000,000	
Parking Lots-Tbco	0	0	0	93,000	93,000	
Records Center Remodeling-Tbco	0	0	0	1,600,000	1,600,000	
Court Avenue Bridge-Tbco	0	0	0	650,000	650,000	
Total General Services Capital	0	30,820,000	16,670,000	38,633,000	7,813,000	25.4%
Rebuild Iowa Infrastructure Fund						
Employee Relocation/Transition	1,668,000	1,000,000	971,660	0	-1,000,000	-100.0%
Statewide Routine Maintenance	0	2,000,000	18,140,000	1,800,000	-200,000	-10.0%
Major Maintenance	10,500,000	0	15,750,000	0	0	
Property Acquisition/Site Dev.	0	0	350,000	0	0	
Capitol Restoration Interior	4,324,100	0	2,700,000	0	0	
Records & Property Building	0	0	1,600,000	0	0	
Capitol Annex/Executive Hills	750,000	0	0	0	0	
Capitol Complex Routine Maint.	2,000,000	0	0	0	0	
Cap. Complex Space Study	3,200,000	0	0	0	0	
Old Historical Bldg Renovation	5,842,425	0	0	0	0	
Terrace Hill Maintenance	1,250,000	0	0	0	0	
Lucas Bldg Renovation	2,650,000	0	0	0	0	
Planned Maintenance - Complex	0	0	680,000	0	0	
Capitol Complex Parking Lots	0	0	93,000	0	0	
Court Avenue Bridge Replacemnt	0	0	650,000	0	0	
Toledo Home Renovations	250,000	0	0	0	0	
ISU Landscape Plan Project	0	0	4,000	0	0	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>General Services Capital (cont.)</u>						
Rebuild Iowa Infrastructure Fund (cont.)						
Micrographics Demolition	0	0	170,000	0	0	
Capitol Complex Security	0	0	500,000	0	0	
Total Rebuild Iowa Infrastructure Fund	32,434,525	3,000,000	41,608,660	1,800,000	-1,200,000	-40.0%
Total General Services Capital	\$ 32,434,525	\$ 33,820,000	\$ 58,278,660	\$ 40,433,000	\$ 6,613,000	19.6%
<u>Human Services Capital</u>						
Maintenance	\$ 0	\$ 0	\$ 6,051,610	\$ 0	\$ 0	
Health, Life, Safety	0	0	9,928,101	0	0	
ADA Improvements	0	0	216,000	0	0	
Ongoing Maintenance	0	0	5,243,177	0	0	
Total Human Services Capital	\$ 0	\$ 0	\$ 21,438,888	\$ 0	\$ 0	
<u>Natural Resources Capital</u>						
Natural Resources Capital						
Restore the Outdoors-Tbco	\$ 0	\$ 2,500,000	\$ 0	\$ 0	\$ -2,500,000	-100.0%
Destination Park-Tbco	0	1,000,000	0	1,000,000	0	0.0%
Total Natural Resources Capital	0	3,500,000	0	1,000,000	-2,500,000	-71.4%
Rebuild Iowa Infrastructure Fund						
Restore the Outdoors Program	3,000,000	0	2,500,000	0	0	
Destination State Park	0	0	5,000,000	0	0	
Lake Belva Deer	200,000	0	0	0	0	
Okoboji Park Development	50,000	0	0	0	0	
Total Rebuild Iowa Infrastructure Fund	3,250,000	0	7,500,000	0	0	
Environment First Fund						
GIS Information for Watershed	195,000	195,000	195,000	195,000	0	0.0%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Natural Resources Capital (cont.)</u>						
Environment First Fund (cont.)						
Volunteers & Keepers of Land	70,000	70,000	100,000	100,000	30,000	42.9%
Water Quality Monitoring	1,950,000	2,500,000	3,000,000	3,000,000	500,000	20.0%
Pollutant Discharge Elimin.	250,000	180,000	180,000	180,000	0	0.0%
Floodplain Protection	200,000	180,000	180,000	180,000	0	0.0%
Waste Tire Abatement	500,000	500,000	0	0	-500,000	-100.0%
Landforms & Ecosystem	0	125,000	0	0	-125,000	-100.0%
Trees Planting Program	250,000	250,000	250,000	250,000	0	0.0%
Lake Dredging	2,900,000	500,000	4,000,000	1,245,000	745,000	149.0%
Recreational Grants	3,000,000	0	0	0	0	
Marine Fuel Tax Projects	2,300,000	2,300,000	2,300,000	2,300,000	0	0.0%
Lewis & Clark Water System	60,000	60,000	0	0	-60,000	-100.0%
REAP	10,500,000	10,000,000	12,000,000	11,500,000	1,500,000	15.0%
Wastewater Systems Assistance	600,000	0	0	0	0	
Water Quality Standards	372,000	0	0	0	0	
Total Maximum Daily Load	153,000	0	0	0	0	
Total Environment First Fund	23,300,000	16,860,000	22,205,000	18,950,000	2,090,000	12.4%
Total Natural Resources Capital	\$ 26,550,000	\$ 20,360,000	\$ 29,705,000	\$ 19,950,000	\$ -410,000	-2.0%
<u>Public Defense Capital</u>						
Public Defense Capital						
Armory Maintenance-Tbco	\$ 0	\$ 700,000	\$ 0	\$ 700,000	\$ 0	0.0%
Readiness Center-Tbco	0	400,000	400,000	400,000	0	0.0%
Total Public Defense Capital	0	1,100,000	400,000	1,100,000	0	0.0%
Rebuild Iowa Infrastructure Fund						
Armory Maintenance	700,000	0	1,285,000	0	0	
Military Division Capitals	0	0	111,000	0	0	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Public Defense Capital (cont.)</u>						
Rebuild Iowa Infrastructure Fund (cont.)						
Camp Dodge Pool	0	0	1,606,933	0	0	
Readiness Center	0	0	612,100	0	0	
Total Rebuild Iowa Infrastructure Fund	700,000	0	3,615,033	0	0	
Total Public Defense Capital	\$ 700,000	\$ 1,100,000	\$ 4,015,033	\$ 1,100,000	\$ 0	0.0%
<u>Regents Capital</u>						
Rebuild Iowa Infrastructure Fund						
ISU-Business Building	\$ 0	\$ 0	\$ 6,700,000	\$ 0	\$ 0	
SUI-Art Building	0	0	7,910,000	0	0	
UNI-Steam Distribution	0	0	4,320,000	0	0	
SUI Capitals	2,622,000	0	0	0	0	
ISU Capitals	6,787,000	0	0	0	0	
UNI Capitals	2,506,000	0	0	0	0	
ISD Water System	250,000	0	0	0	0	
SUI-Biology Building	4,400,000	0	3,000,000	0	0	
ISU-Gilman Hall	8,800,000	0	0	0	0	
UNI-McCollum Hall	2,700,000	0	8,400,000	0	0	
ISU-Livestock Units	0	0	5,100,000	0	0	
Maintenance/Fire Safety	0	0	2,000,000	0	0	
Deferred Maintenance	0	0	6,885,000	0	0	
Lakeside Lab. Improvements	0	0	390,000	0	0	
ISU-Classrooms & Auditoriums	0	0	14,300,000	0	0	
UNI-Teaching Center Bldg	0	0	18,100,000	0	0	
SUI-Journalism Building	0	0	13,375,000	0	0	
ISU-Coover Hall	0	0	1,000,000	0	0	

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Regents Capital (cont.)</u>						
Rebuild Iowa Infrastructure Fund (cont.)						
SUI-Chemistry Building	0	0	9,800,000	0	0	
UNI-Electrical Distribution	0	0	700,000	0	0	
Total Rebuild Iowa Infrastructure Fund	28,065,000	0	101,980,000	0	0	
Regents Capitals						
ISD-Utility System-Tbco	0	0	0	435,000	435,000	
IBSSS-HVAC System-Tbco	0	0	0	450,000	450,000	
ISU-Classrooms & Aud.-Tbco	0	0	0	2,112,100	2,112,100	
SUI-Journalism Bldg-Tbco	0	0	0	2,600,000	2,600,000	
UNI-Teaching Center Bldg-Tbco	0	0	0	1,730,000	1,730,000	
Lakeside Laboratory-Tbco	0	0	0	390,000	390,000	
Tuition Replacement - Tbco	0	600,330	0	9,151,609	8,551,279	1424.4%
SUI-Biology Building-Tbco	0	7,300,000	0	3,000,000	-4,300,000	-58.9%
SUI-Art Building-Tbco	0	4,453,000	0	7,910,000	3,457,000	77.6%
ISU-Gilman Hall-Tbco	0	2,500,000	0	0	-2,500,000	-100.0%
ISU-Business Bldg-Tbco	0	4,200,000	0	6,700,000	2,500,000	59.5%
UNI-McCollum Hall-Tbco	0	5,800,000	0	8,400,000	2,600,000	44.8%
UNI-Steam Distribution-Tbco	0	3,990,000	0	4,320,000	330,000	8.3%
Special Schools Capitals-Tbco	0	835,000	0	0	-835,000	-100.0%
Total Regents Capitals	0	29,678,330	0	47,198,709	17,520,379	59.0%
Total Regents Capital	\$ 28,065,000	\$ 29,678,330	\$ 101,980,000	\$ 47,198,709	\$ 17,520,379	59.0%
<u>Transportation Capitals</u>						
Road Use Tax Fund						
Special Assessment-Cedar Falls	\$ 0	\$ 157,781	\$ 0	\$ 0	\$ -157,781	-100.0%
Scale & Inspection Sites	940,000	0	1,700,000	1,700,000	1,700,000	
Total Road Use Tax Fund	940,000	157,781	1,700,000	1,700,000	1,542,219	977.4%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Transportation Capitals (cont.)</u>						
Primary Road Fund						
Waste Water Improvements	400,000	400,000	0	0	-400,000	-100.0%
Garage Roofing Projects	400,000	400,000	400,000	400,000	0	0.0%
ADA Improvements	200,000	200,000	200,000	200,000	0	0.0%
Admin. Bldg. Improvements	0	1,500,000	2,000,000	2,000,000	500,000	33.3%
Comm. Staging Facility	0	350,000	0	0	-350,000	-100.0%
Cedar Rapids Lab Addition	0	320,000	0	0	-320,000	-100.0%
Exhaust System Repairs	0	350,000	350,000	350,000	0	0.0%
Maintenance Garages	1,500,000	0	0	0	0	
Northwest Building Improvement	900,000	0	0	0	0	
Facility Utility Improvements	0	0	200,000	200,000	200,000	
Total Primary Road Fund	3,400,000	3,520,000	3,150,000	3,150,000	-370,000	-10.5%
Rebuild Iowa Infrastructure Fund						
Commercial Service Airports	1,000,000	0	0	0	0	
General Aviation Airports	500,000	0	0	0	0	
Recreational Trails	2,250,000	0	0	0	0	
Total Rebuild Iowa Infrastructure Fund	3,750,000	0	0	0	0	
Transportation Capitals						
Commercial Air Service Airport - Tbco	0	1,000,000	1,000,000	1,000,000	0	0.0%
Gen. Aviation Airport Grant - Tbco	0	500,000	500,000	500,000	0	0.0%
Recreational Trails-Tbco	0	1,000,000	1,000,000	1,000,000	0	0.0%
Total Transportation Capitals	0	2,500,000	2,500,000	2,500,000	0	0.0%
Total Transportation Capitals	\$ 8,090,000	\$ 6,177,781	\$ 7,350,000	\$ 7,350,000	\$ 1,172,219	19.0%

Trans., Infra., Capitals

Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Education Capital</u>						
Education Capital						
IPTV-HDTV Conversion-Tbco	\$ 0	\$ 2,400,000	\$ 0	\$ 0	\$ -2,400,000	-100.0%
Rebuild Iowa Infrastructure Fund						
Community College Technology	3,000,000	0	3,000,000	3,000,000	3,000,000	
Voc Rehab Capitals	0	0	660,300	0	0	
IPTV - HDTV Conversion	0	0	21,618,825	2,500,000	2,500,000	
Enrich Iowa Libraries	0	500,000	500,000	800,000	300,000	60.0%
Total Rebuild Iowa Infrastructure Fund	<u>3,000,000</u>	<u>500,000</u>	<u>25,779,125</u>	<u>6,300,000</u>	<u>5,800,000</u>	1160.0%
Total Education Capital	<u>\$ 3,000,000</u>	<u>\$ 2,900,000</u>	<u>\$ 25,779,125</u>	<u>\$ 6,300,000</u>	<u>\$ 3,400,000</u>	117.2%
<u>Judicial Branch Capital</u>						
Judicial Branch Capital						
Judicial Bldg Furnishings-Tbco	\$ 0	\$ 0	\$ 0	\$ 1,250,000	\$ 1,250,000	
Judicial Bldg Parking-Tbco	0	0	0	700,000	700,000	
Judicial Building-Tbco	0	10,300,000	0	0	-10,300,000	-100.0%
Total Judicial Branch Capital	0	10,300,000	0	1,950,000	-8,350,000	-81.1%
Rebuild Iowa Infrastructure Fund						
Judicial Bldg Furnishings	0	0	1,250,000	0	0	
Judicial Building	8,000,000	0	0	0	0	
Judicial Bldg Parking	0	0	700,000	0	0	
Total Rebuild Iowa Infrastructure Fund	<u>8,000,000</u>	<u>0</u>	<u>1,950,000</u>	<u>0</u>	<u>0</u>	
Total Judicial Branch Capital	<u>\$ 8,000,000</u>	<u>\$ 10,300,000</u>	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>	<u>\$ -8,350,000</u>	-81.1%
<u>Veterans Affairs Capitals</u>						
Veterans Affairs Capitals	\$ 0	\$ 0	\$ 1,326,400	\$ 0	\$ 0	
Veterans Home Facilities Renov	734,605	0	0	0	0	

Trans., Infra., Capitals Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Veterans Affairs Capitals (cont.)</u>						
Veterans Dining Facility	3,416,244	0	0	0	0	
National World War II Memorial	278,000	0	0	0	0	
Total Veterans Affairs Capitals	\$ 4,428,849	\$ 0	\$ 1,326,400	\$ 0	\$ 0	
<u>Law Enforcement Academy Capitals</u>						
ILEA Capitals	\$ 0	\$ 0	\$ 454,000	\$ 0	\$ 0	
Total Trans., Infra., & Capitals	\$ 431,219,752	\$ 436,992,465	\$ 646,364,045	\$ 455,103,803	\$ 18,111,338	4.1%

Oversight and Communications

Non General Fund

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>IA Telecommun & Technology Commission</u>						
ICN - ATM Conversion - Tbc	\$ 0	\$ 3,500,000	\$ 0	\$ 0	\$ -3,500,000	-100.0%
ICN Part III Maint & Leases	2,727,004	0	2,727,004	2,727,004	2,727,004	
Total IA Telecommun & Technology Commi	\$ 2,727,004	\$ 3,500,000	\$ 2,727,004	\$ 2,727,004	\$ -772,996	-22.1%
<u>Information Technology, Dept. of</u>						
Pooled Technology	\$ 0	\$ 13,000,000	\$ 74,528,085	\$ 7,500,000	\$ -5,500,000	-42.3%
Total Oversight and Communications	\$ 2,727,004	\$ 16,500,000	\$ 77,255,089	\$ 10,227,004	\$ -6,272,996	-38.0%

Unassigned Standing Non General Fund

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Legislative Branch</u>						
Council Of State Governments	\$ 0	\$ 0	\$ 92,719	\$ 0	\$ 0	
Nat Conf Insurance Legislators	5,000	5,000	0	0	-5,000	-100.0%
Total Legislative Branch	\$ 5,000	\$ 5,000	\$ 92,719	\$ 0	\$ -5,000	-100.0%
<u>Transportation, Department of</u>						
DL Suspension Services - RUTF	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 0	0.0%
Co. Treas. Equip Standing - RUTF	650,000	650,000	1,000,000	1,000,000	350,000	53.8%
Total Transportation, Department of	\$ 875,000	\$ 875,000	\$ 1,225,000	\$ 1,225,000	\$ 350,000	40.0%
<u>Natural Resources Capital</u>						
Fish and Game Capital	\$ 7,000,000	\$ 1,197,500	\$ 2,218,000	\$ 2,218,000	\$ 1,020,500	85.2%
Total Unassigned Standing	\$ 7,880,000	\$ 2,077,500	\$ 3,535,719	\$ 3,443,000	\$ 1,365,500	65.7%

Summary Data

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Administration and Regulation	1,818.37	1,845.22	1,883.60	1,573.92	-271.30	-14.7%
Ag. and Natural Resources	1,464.33	1,557.70	1,577.17	1,545.86	-11.84	-0.8%
Economic Development	1,099.54	1,290.84	1,357.49	1,347.49	56.65	4.4%
Education	20,769.22	25,980.31	26,103.61	25,983.70	3.39	0.0%
Health and Human Rights	1,441.49	1,594.85	1,579.24	1,539.15	-55.70	-3.5%
Human Services	5,523.26	5,913.76	5,834.50	5,554.47	-359.29	-6.1%
Justice System	7,984.70	8,114.81	8,025.19	7,970.71	-144.10	-1.8%
Trans., Infra., & Capitals	3,707.50	3,957.00	3,554.00	3,554.00	-403.00	-10.2%
Oversight and Communications	244.12	238.00	256.01	280.46	42.46	17.8%
Unassigned Standing	412.19	412.09	412.09	412.09	0.00	0.0%
Grand Total	44,464.72	50,904.58	50,582.90	49,761.85	-1,142.73	-2.2%

Administration and Regulation

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Administrative Services, Dept. of</u>						
Administrative Services Dept.	0.00	0.00	0.00	2.00	2.00	
<u>Auditor of State</u>						
Auditor of State - Gen. Office	111.51	105.47	109.65	105.47	0.00	0.0%
<u>Ethics and Campaign Disclosure</u>						
Ethics and Campaign Disclosure	7.97	8.00	7.00	7.00	-1.00	-12.5%
<u>Commerce, Department of</u>						
Administration	16.61	17.50	17.50	0.00	-17.50	-100.0%
Alcoholic Beverages	25.32	26.00	26.00	33.00	7.00	26.9%
Banking Division	72.24	78.00	72.00	72.00	-6.00	-7.7%
Credit Union Division	15.35	19.00	19.00	19.00	0.00	0.0%
Insurance Division	90.22	93.50	93.50	93.50	0.00	0.0%
Utilities Division	66.96	75.00	75.00	79.00	4.00	5.3%
Professional Licensing	10.27	11.00	11.00	0.00	-11.00	-100.0%
Total Commerce, Department of	296.97	320.00	314.00	296.50	-23.50	-7.3%
<u>General Services, Dept. of</u>						
General Services, Dept. of						
DGS Administration	41.85	40.60	40.80	0.00	-40.60	-100.0%
Terrace Hill Operations	4.87	5.00	5.00	0.00	-5.00	-100.0%
Property Mgmt	108.60	112.00	125.00	0.00	-112.00	-100.0%
Utilities	0.00	1.00	1.00	0.00	-1.00	-100.0%
Centralized Purchasing Divsn	17.05	17.95	17.95	17.95	0.00	0.0%
State Fleet Administrator	15.93	16.75	16.75	16.75	0.00	0.0%
Central Print Division	23.78	27.30	29.55	29.55	2.25	8.2%
Total General Services, Dept. of	212.08	220.60	236.05	64.25	-156.35	-70.9%

Administration and Regulation

FTE

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>General Services, Dept. of (cont.)</u>						
Unappropriated						
Recycling Revolving Fund	0.52	0.00	0.00	0.00	0.00	
Centralized Purchasing - Admin	0.14	1.00	1.00	1.00	0.00	0.0%
Federal Surplus Property	5.30	6.30	6.30	5.30	-1.00	-15.9%
Self Insurance/Risk Management	1.45	2.00	2.00	2.00	0.00	0.0%
Centralized Printing Revolving	0.00	2.25	0.00	0.00	-2.25	-100.0%
Total Unappropriated	7.41	11.55	9.30	8.30	-3.25	-28.1%
Total General Services, Dept. of	219.49	232.15	245.35	72.55	-159.60	-68.7%
<u>Governor</u>						
Governor's Office, Iowa						
General Office	20.22	17.25	17.25	17.25	0.00	0.0%
Terrace Hill Quarters	3.00	3.00	3.00	3.00	0.00	0.0%
Admin Rules Coordinator	2.66	3.00	3.00	3.00	0.00	0.0%
State-Federal Relations	3.00	3.00	3.00	3.00	0.00	0.0%
Total Governor's Office, Iowa	28.88	26.25	26.25	26.25	0.00	0.0%
Unappropriated						
Statewide Volunteer Program	1.72	1.75	1.75	1.75	0.00	0.0%
Total Governor	30.60	28.00	28.00	28.00	0.00	0.0%
<u>Inspections & Appeals, Dept of</u>						
Inspections and Appeals						
Administration Division	19.86	21.00	21.00	24.00	3.00	14.3%
Audits Division	11.56	10.00	10.00	0.00	-10.00	-100.0%
Administrative Hearings Div.	28.78	30.00	30.00	30.00	0.00	0.0%
Investigations Division	38.64	40.00	40.00	47.00	7.00	17.5%

Administration and Regulation

FTE

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Inspections & Appeals, Dept of (cont.)</u>						
Inspections and Appeals (cont.)						
Health Facilities Division	102.30	108.00	108.00	106.00	-2.00	-1.9%
Inspections Division	15.27	17.00	17.00	13.00	-4.00	-23.5%
Employment Appeal Board	12.91	15.00	15.00	15.00	0.00	0.0%
Foster Care Review Board	14.79	19.00	19.00	19.00	0.00	0.0%
Child Advocacy Division	0.00	0.00	0.00	19.00	19.00	
Total Inspections and Appeals	<u>244.11</u>	<u>260.00</u>	<u>260.00</u>	<u>273.00</u>	<u>13.00</u>	<u>5.0%</u>
Racing Commission						
Pari-mutuel Regulation	25.04	24.78	24.78	24.78	0.00	0.0%
Excursion Boat Gambling Reg.	24.51	30.97	30.97	30.97	0.00	0.0%
Total Racing Commission	<u>49.55</u>	<u>55.75</u>	<u>55.75</u>	<u>55.75</u>	<u>0.00</u>	<u>0.0%</u>
Total Inspections & Appeals, Dept of	<u>293.66</u>	<u>315.75</u>	<u>315.75</u>	<u>328.75</u>	<u>13.00</u>	<u>4.1%</u>
<u>Management, Department of</u>						
DOM General Office	30.09	32.00	32.00	32.00	0.00	0.0%
Statewide Property Tax Admin.	1.00	1.00	1.00	1.00	0.00	0.0%
Total Management, Department of	<u>31.09</u>	<u>33.00</u>	<u>33.00</u>	<u>33.00</u>	<u>0.00</u>	<u>0.0%</u>
<u>Personnel, Department of</u>						
Personnel, Department of						
IDOP-Admin. and Prog. Op.	26.81	28.00	28.00	0.00	-28.00	-100.0%
IDOP-Customer Services and Ben	54.55	58.00	58.00	0.00	-58.00	-100.0%
Total Personnel, Department of	<u>81.36</u>	<u>86.00</u>	<u>86.00</u>	<u>0.00</u>	<u>-86.00</u>	<u>-100.0%</u>
IDOP - Retirement						
IPERS Administration	74.15	88.04	91.04	88.04	0.00	0.0%

Administration and Regulation

FTE

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Personnel, Department of (cont.)</u>						
IDOP - Retirement (cont.)						
IPERS Management Inform System	5.12	0.00	0.00	0.00	0.00	
IPERS One Times - HF 2545	1.69	0.00	0.00	0.00	0.00	
Total IDOP - Retirement	80.96	88.04	91.04	88.04	0.00	0.0%
Unappropriated						
Worker's Comp Insurance Fund	0.06	0.00	0.00	0.00	0.00	
Total Personnel, Department of	162.38	174.04	177.04	88.04	-86.00	-49.4%
<u>Revenue and Finance, Dept. of</u>						
Revenue and Finance, Dept. of						
Compliance	171.92	159.35	169.35	159.35	0.00	0.0%
State Financial Management	239.70	215.77	223.77	185.57	-30.20	-14.0%
Internal Resources Management	79.62	68.49	73.49	68.49	0.00	0.0%
Statewide Property Tax	0.19	0.40	0.40	0.40	0.00	0.0%
Tax Fairness Study	0.00	0.00	0.00	4.00	4.00	
Total Revenue and Finance, Dept. of	491.43	444.01	467.01	417.81	-26.20	-5.9%
Lottery Division						
Lottery Operations	108.68	117.00	117.00	117.00	0.00	0.0%
Total Revenue and Finance, Dept. of	600.11	561.01	584.01	534.81	-26.20	-4.7%
<u>Secretary of State</u>						
Administration And Elections	10.14	10.00	12.00	10.00	0.00	0.0%
Business Services	31.73	32.00	32.00	42.00	10.00	31.3%
Total Secretary of State	41.87	42.00	44.00	52.00	10.00	23.8%

Administration and Regulation

FTE

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Treasurer of State</u>						
Treasurer - General Office	22.72	25.80	25.80	25.80	0.00	0.0%
Total Administration and Regulation	<u>1,818.37</u>	<u>1,845.22</u>	<u>1,883.60</u>	<u>1,573.92</u>	<u>-271.30</u>	<u>-14.7%</u>

Ag. and Natural Resources

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Agriculture & Land Stewardship</u>						
Agriculture & Land Stewardship						
Administrative Division	41.66	47.33	62.33	61.33	14.00	29.6%
Soil Conservation Division Ops	168.49	194.11	213.80	189.80	-4.31	-2.2%
Regulatory Division	115.21	124.00	118.00	113.00	-11.00	-8.9%
Laboratory Division	72.78	84.00	74.00	74.00	-10.00	-11.9%
Farmer's Market Coupon Program	1.84	2.00	2.00	2.00	0.00	0.0%
Total Agriculture & Land Stewardship	399.98	451.44	470.13	440.13	-11.31	-2.5%
Unappropriated						
Gw-ag Drain Wells/sinkholes	3.54	5.25	6.57	6.72	1.47	28.0%
Water Protection Fund	9.80	9.35	8.15	9.35	0.00	0.0%
Agri-Dev Auth - Administration	3.65	5.00	6.00	6.00	1.00	20.0%
EPA Non Point Source Pollution	12.56	12.10	12.10	12.10	0.00	0.0%
Abandoned Mined Lands Grant	4.65	4.94	4.60	4.94	0.00	0.0%
Renewable Fuels & Coproducts	1.00	1.00	1.00	1.00	0.00	0.0%
Pseudorabies	3.34	5.50	5.50	5.50	0.00	0.0%
Total Unappropriated	38.54	43.14	43.92	45.61	2.47	5.7%
Total Agriculture & Land Stewardship	438.52	494.58	514.05	485.74	-8.84	-1.8%
<u>Natural Resources, Department of</u>						
Natural Resources Dept. Ops.	1,025.81	1,063.12	1,063.12	1,060.12	-3.00	-0.3%
Total Ag. and Natural Resources	1,464.33	1,557.70	1,577.17	1,545.86	-11.84	-0.8%

Economic Development

FTE

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Economic Development, Dept. of</u>						
Administrative Services						
General Administration	21.90	25.75	25.75	25.75	0.00	0.0%
IA Comm. on Volunteerism	3.21	3.25	3.25	3.25	0.00	0.0%
Workforce Development Fund	3.66	4.00	4.00	4.00	0.00	0.0%
Total Administrative Services	28.77	33.00	33.00	33.00	0.00	0.0%
Business Development						
Business Development	23.68	27.75	27.75	27.75	0.00	0.0%
Workforce Recruitment Proj.	1.99	2.00	2.00	2.00	0.00	0.0%
International Trade	13.04	14.25	14.25	14.25	0.00	0.0%
Strategic Investment Fund	9.82	12.50	12.50	12.50	0.00	0.0%
Value-Added Ag. Products	2.00	2.00	2.00	2.00	0.00	0.0%
Total Business Development	50.53	58.50	58.50	58.50	0.00	0.0%
Community & Rural Development						
Tourism Operations	18.30	19.52	19.52	19.52	0.00	0.0%
Community Assistance	7.32	10.50	10.50	10.50	0.00	0.0%
Film Office	2.00	2.00	2.00	2.00	0.00	0.0%
Mainstreet/Rural Mainst.	3.00	3.00	3.00	3.00	0.00	0.0%
Community Dev. Programs	3.96	7.50	7.50	7.50	0.00	0.0%
Community Dev. Block Grant	21.03	21.75	21.75	21.75	0.00	0.0%
Local Housing Assistance Fund	1.25	1.50	1.50	1.50	0.00	0.0%
Total Community & Rural Development	56.86	65.77	65.77	65.77	0.00	0.0%
Unappropriated						
Iowa Improvement Fund	0.31	0.00	0.00	0.00	0.00	
Finance Auth.-Title Guaranty	7.87	9.33	9.33	9.33	0.00	0.0%
Finance Authority	25.88	29.00	29.00	29.00	0.00	0.0%

Economic Development

FTE

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Economic Development, Dept. of (cont.)</u>						
Unappropriated (cont.)						
Tourism/Recreation Dev.	0.87	1.00	2.00	2.00	1.00	100.0%
IFA-Sec. 8 HUD Funding	24.09	24.00	24.00	24.00	0.00	0.0%
Total Unappropriated	59.02	63.33	64.33	64.33	1.00	1.6%
Total Economic Development, Dept. of	195.18	220.60	221.60	221.60	1.00	0.5%
<u>Iowa Workforce Development</u>						
Iowa Workforce Development						
260E Labor Management Projects	0.42	0.00	0.00	0.00	0.00	
Labor Division	88.12	83.92	85.83	82.92	-1.00	-1.2%
Workers' Comp. Division	32.99	31.08	32.00	30.08	-1.00	-3.2%
Workforce Dev. Board	1.00	1.00	0.00	0.00	-1.00	-100.0%
New Employment Opportunities	0.33	0.85	0.30	0.30	-0.55	-64.7%
Job Service ACS (Surcharge)	90.87	100.84	102.84	102.84	2.00	2.0%
Employment Statistics	0.82	0.97	1.00	1.00	0.03	3.1%
Welfare-To-Work Match	2.84	2.00	0.00	0.00	-2.00	-100.0%
P & I Projects	0.55	0.00	2.00	2.00	2.00	
Total Iowa Workforce Development	217.94	220.66	223.97	219.14	-1.52	-0.7%
Unappropriated						
Welfare-To-Work Match	2.84	2.55	0.00	0.00	-2.55	-100.0%
P & I Projects	0.55	1.00	2.00	0.00	-1.00	-100.0%
Special Contingency Fund	34.67	113.21	139.87	139.87	26.66	23.5%
IWD Major Federal Programs	492.86	584.95	607.08	607.08	22.13	3.8%
IWD Minor Federal Programs	51.98	62.27	56.27	56.27	-6.00	-9.6%

Economic Development

FTE

	Actual FY 2001 (1)	Estimated FY 2002 (2)	Dept Request FY 2003 (3)	Gov Rec FY 2003 (4)	Gov Rec vs FY 2002 (5)	Percent Change (6)
<u>Iowa Workforce Development (cont.)</u>						
Unappropriated (cont.)						
Admin. Contribution Surcharge	10.27	0.00	20.87	20.87	20.87	
Amateur Boxing Grants Fund	0.15	0.30	0.15	0.15	-0.15	-50.0%
Total Unappropriated	593.32	764.28	826.24	824.24	59.96	7.8%
Total Iowa Workforce Development	811.26	984.94	1,050.21	1,043.38	58.44	5.9%
<u>Public Employment Relations Board</u>						
General Office	11.93	12.00	12.00	8.83	-3.17	-26.4%
<u>Regents, Board of</u>						
Iowa State University						
Small Business Dev. Ctrs.	4.96	5.80	5.80	5.80	0.00	0.0%
Research Park/ISIS	4.51	4.31	4.31	4.31	0.00	0.0%
Inst. for Physical Res.	54.10	46.42	46.42	46.42	0.00	0.0%
Total Iowa State University	63.57	56.53	56.53	56.53	0.00	0.0%
University of Iowa						
Oak Park Res./Tech. Park	2.70	2.70	2.70	2.70	0.00	0.0%
Advanced Drug Development	3.30	3.30	3.30	3.30	0.00	0.0%
Total University of Iowa	6.00	6.00	6.00	6.00	0.00	0.0%
Univ. of Northern Iowa						
Metal Casting	2.60	2.42	2.50	2.50	0.08	3.3%
Decision Making Institute	9.00	8.35	8.65	8.65	0.30	3.6%
Total Univ. of Northern Iowa	11.60	10.77	11.15	11.15	0.38	3.5%
Total Regents, Board of	81.17	73.30	73.68	73.68	0.38	0.5%
Total Economic Development	1,099.54	1,290.84	1,357.49	1,347.49	56.65	4.4%

Education

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
College Aid Commission						
Scholarship and Grant Admin	5.06	5.20	5.40	5.40	0.20	3.8%
Stafford Loan Program Admin.	29.29	36.60	36.60	36.60	0.00	0.0%
Total College Aid Commission	34.35	41.80	42.00	42.00	0.20	0.5%
Cultural Affairs, Dept. of						
Cultural Affairs, Dept of						
Cultural Affairs - Admin.	4.33	1.85	4.30	4.30	2.45	132.4%
Cultural Grants	0.70		0.70	0.70	0.70	
Historical Sites	7.90	8.00	8.00	8.00	0.00	0.0%
Iowa Arts Council	8.98	11.04	11.00	11.00	-0.04	-0.4%
State Historical Society	60.87	61.56	66.70	66.70	5.14	8.3%
Total Cultural Affairs, Dept of	82.78	82.45	90.70	90.70	8.25	10.0%
Unappropriated						
Historical Resource Dev. Prog. (HRDP)	1.00	1.35	1.00	1.00	-0.35	-25.9%
Trust Accounts	0.20	0.00	0.00	0.00	0.00	
Miscellaneous Income	1.82	1.20	1.20	1.20	0.00	0.0%
Total Unappropriated	3.02	2.55	2.20	2.20	-0.35	-13.7%
Total Cultural Affairs, Dept. of	85.80	85.00	92.90	92.90	7.90	9.3%
Education, Department of						
Education, Dept. of						
Gates Foundation Leadership Gr	0.00	1.00	0.00	0.00	-1.00	-100.0%
Administration						
Dept. of Ed. Administration	90.36	104.45	104.45	103.45	-1.00	-1.0%
Vocational Ed. Admin.	14.26	15.60	15.60	15.10	-0.50	-3.2%
Board of Ed. Examiners	6.31	9.00	9.00	9.00	0.00	0.0%

Education

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Education, Department of (cont.)</u>						
Administration (cont.)						
Vocational Rehabilitation	262.32	290.50	290.50	288.50	-2.00	-0.7%
Independent Living	1.00	1.00	1.00	1.00	0.00	0.0%
State Library	18.28	20.00	20.00	20.00	0.00	0.0%
Iowa Public Television	94.03	89.00	93.00	89.00	0.00	0.0%
School Food Service	13.63	15.00	15.00	15.00	0.00	0.0%
School to Work	1.39	2.50	2.00	2.00	-0.50	-20.0%
Total Administration	501.58	547.05	550.55	543.05	-4.00	-0.7%
Unappropriated						
IPTV-CPB/CSG FY 90/91	16.24	3.33	17.04	17.04	13.71	411.7%
Education of Handicapped Act	25.33	31.75	31.75	31.75	0.00	0.0%
IPTV-CPB/CSG FY 91/93	1.18	17.04	4.20	4.20	-12.84	-75.4%
IPTV-NTIA Equipment Grants	0.00	0.50	1.00	1.00	0.50	100.0%
IPTV-Contributions Holding Acc	1.76	2.00	1.00	1.00	-1.00	-50.0%
Goals 2000	5.59	3.50	3.50	3.50	0.00	0.0%
Drug Free Schools/Communities	1.75	1.75	1.75	1.75	0.00	0.0%
Advanced Placement Technology	0.00	0.25	0.25	0.25	0.00	0.0%
Standards, Assess. & Account.	0.00	1.00	1.00	1.00	0.00	0.0%
Career Resource Network	1.14	1.25	1.25	1.25	0.00	0.0%
School To Work Opportunities	1.00	0.00	0.00	0.00	0.00	
IPTV-Star Schools Grant	4.20	18.91	2.35	2.35	-16.56	-87.6%
Adult Education	4.00	5.00	5.50	5.50	0.50	10.0%
Veterans Education	3.00	3.00	3.00	3.00	0.00	0.0%
DE Nonfederal Grants	1.66	3.00	2.00	2.00	-1.00	-33.3%
ESEA Title 1	8.31	9.50	9.50	9.50	0.00	0.0%
ESEA Title 6	4.49	6.20	5.20	5.20	-1.00	-16.1%
High School Equivalency	0.50	0.50	0.50	0.50	0.00	0.0%
IPTV-Friends Funded Programmin	11.22	10.00	10.00	10.00	0.00	0.0%

Education

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Education, Department of (cont.)</u>						
Unappropriated (cont.)						
Technology Literacy Challenge	1.43	1.50	1.50	1.50	0.00	0.0%
IPTV Marketing & Distribution	0.75	0.50	0.50	0.50	0.00	0.0%
IPTV Educational & Contractual	0.00	0.30	2.00	2.00	1.70	566.7%
Library Services Tech. Act (LSTA)	13.21	14.00	14.00	14.00	0.00	0.0%
School Infrastructure	0.70	0.73	0.73	0.73	0.00	0.0%
Systems Change Project	3.28	4.00	4.00	4.00	0.00	0.0%
Reading Excellence Act	1.00	1.00	1.00	1.00	0.00	0.0%
Vocational Rehabilitation	101.36	118.00	118.00	118.00	0.00	0.0%
ISOICC	2.20	1.75	1.75	1.75	0.00	0.0%
AIDS Education	1.25	1.25	1.25	1.25	0.00	0.0%
Miscellaneous Federal Grants	0.82	0.00	0.00	0.00	0.00	
Even Start	0.43	0.50	0.50	0.50	0.00	0.0%
Headstart Collaborative Grant	1.19	1.15	1.15	1.15	0.00	0.0%
ESEA Title 2	2.01	1.80	1.80	1.80	0.00	0.0%
Bilingual Education Title 3	1.25	1.25	1.25	1.25	0.00	0.0%
Vocational Education Act	9.21	10.15	10.15	10.15	0.00	0.0%
Homeless Child and Adults	0.43	0.50	0.50	0.50	0.00	0.0%
Total Unappropriated	231.89	276.86	260.87	260.87	-15.99	-5.8%
Total Education, Department of	733.47	824.91	811.42	803.92	-20.99	-2.5%
<u>Regents, Board of</u>						
Regents, Board of						
Regents Board Office	15.69	16.00	16.00	16.00	0.00	0.0%
Iowa State University						
Iowa State: Gen. University	3,955.70	3,647.42	3,682.14	3,647.42	0.00	0.0%
ISU-Ag & Home Ec. Exp. Sta.	560.34	546.98	546.98	546.98	0.00	0.0%

Education

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Regents, Board of (cont.)</u>						
Iowa State University (cont.)						
ISU - Cooperative Extension	394.03	383.34	383.34	383.34	0.00	0.0%
ISU Leopold Center	9.73	11.25	11.25	11.25	0.00	0.0%
Livestock Disease Research	2.36	3.17	3.17	3.17	0.00	0.0%
Total Iowa State University	4,922.16	4,592.16	4,626.88	4,592.16	0.00	0.0%
University of Iowa						
Univ. of Iowa: Gen. University	4,057.07	4,055.62	4,088.67	4,055.62	0.00	0.0%
Indigent Patient Program: UIHC	5,444.02	5,471.01	5,471.01	5,471.01	0.00	0.0%
Psychiatric Hospital	265.82	272.11	272.11	272.11	0.00	0.0%
Center Dis. & Dev. (Hosp-Sch)	136.76	143.34	143.34	143.34	0.00	0.0%
Oakdale Campus	43.17	43.25	43.25	43.25	0.00	0.0%
University Hygienic Laboratory	102.25	102.49	102.49	102.49	0.00	0.0%
Family Practice Program	191.45	192.40	192.40	192.40	0.00	0.0%
SCHS - Hemophilia, Cancer	63.27	53.46	53.46	53.46	0.00	0.0%
State of Iowa Cancer Registry	1.61	2.40	2.40	2.40	0.00	0.0%
SUI Substance Abuse Consortium	1.10	1.50	1.50	1.50	0.00	0.0%
Biocatalysis	6.32	5.20	5.20	5.20	0.00	0.0%
Primary Health Care	8.58	7.75	7.75	7.75	0.00	0.0%
Iowa Birth Defects Registry	1.30	1.30	1.30	1.30	0.00	0.0%
Total University of Iowa	10,322.72	10,351.83	10,384.88	10,351.83	0.00	0.0%
Univ. of Northern Iowa						
University of Northern Iowa	1,454.35	1,428.79	1,468.79	1,428.79	0.00	0.0%
Recycling & Reuse Center	1.50	0.89	1.50	1.50	0.61	68.5%
Total Univ. of Northern Iowa	1,455.85	1,429.68	1,470.29	1,430.29	0.61	0.0%

Education

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Regents, Board of (cont.)						
Special Schools						
Iowa School for the Deaf	126.60	117.29	129.60	126.60	9.31	7.9%
Braille & Sight Saving School	81.33	81.00	89.00	87.36	6.36	7.9%
Total Special Schools	207.93	198.29	218.60	213.96	15.67	7.9%
Unappropriated						
SUI Auxiliary Enterprises	0.00	1,105.64	1,105.64	1,105.64	0.00	0.0%
ISU Auxiliary Enterprises	907.77	881.75	881.75	881.75	0.00	0.0%
UNI Auxiliary Enterprises	0.00	235.30	235.30	235.30	0.00	0.0%
SUI Stores, Services & Revolv	0.00	1,646.16	1,646.16	1,646.16	0.00	0.0%
ISU Stores, Services & Revolv	627.46	609.47	609.47	609.47	0.00	0.0%
SUI Restricted	0.00	1,732.20	1,732.20	1,732.20	0.00	0.0%
ISD Restricted	7.61	7.61	7.61	7.61	0.00	0.0%
IBSSS Restricted	14.89	18.28	18.28	18.28	0.00	0.0%
UNI Restricted	0.00	83.80	83.80	83.80	0.00	0.0%
UNI Organized Activities	0.00	60.50	60.50	60.50	0.00	0.0%
ISU Organized Activities	62.74	61.21	61.21	61.21	0.00	0.0%
ISU Restricted	1,370.78	1,343.06	1,343.06	1,343.06	0.00	0.0%
SUI Organized Activities	0.00	655.66	655.66	655.66	0.00	0.0%
Total Unappropriated	2,991.25	8,440.64	8,440.64	8,440.64	0.00	0.0%
Total Regents, Board of	19,915.60	25,028.60	25,157.29	25,044.88	16.28	0.1%
Total Education	20,769.22	25,980.31	26,103.61	25,983.70	3.39	0.0%

Health and Human Rights

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Blind, Iowa Commission for the</u>						
Department for the Blind	97.78	106.50	106.50	106.50	0.00	0.0%
<u>Civil Rights Commission</u>						
Civil Rights Commission	32.38	36.75	36.00	35.75	-1.00	-2.7%
<u>Elder Affairs, Department of</u>						
Aging Programs	29.78	34.76	38.00	36.00	1.24	3.6%
<u>Gov. Office of Drug Control Policy</u>						
Drug Policy Coordinator	12.91	13.00	13.00	11.00	-2.00	-15.4%
<u>Health, Department of Public</u>						
Public Health, Dept. of						
Knoxville Substance Abuse Cent	0.00	0.00	60.00	37.00	37.00	
Substance Abuse Treatment Faci	0.00	60.00	0.00	0.00	-60.00	-100.0%
Total Public Health, Dept. of	0.00	60.00	60.00	37.00	-23.00	-38.3%
Department of Public Health						
Tobacco Use Prev./Control-Tbco	8.64	11.50	11.00	11.00	-0.50	-4.3%
Healthy Iowans 2010-Tbco	3.44	4.00	4.00	4.00	0.00	0.0%
Addictive Disorders	12.77	16.51	13.51	12.51	-4.00	-24.2%
Adult Wellness	21.17	24.27	23.09	23.09	-1.18	-4.9%
Child and Adolescent Wellness	47.14	47.07	43.75	43.75	-3.32	-7.1%
Chronic Conditions	6.54	10.30	9.30	9.30	-1.00	-9.7%
Community Capacity - GF	22.87	27.12	26.45	24.45	-2.67	-9.8%
Elderly Wellness	1.42	4.05	3.05	3.05	-1.00	-24.7%
Environmental Hazards	5.48	8.20	8.00	9.00	0.80	9.8%
Infectious Diseases	31.96	36.40	37.40	37.40	1.00	2.7%
Injuries	7.38	8.55	8.35	8.35	-0.20	-2.3%

Health and Human Rights

FTE

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Health, Department of Public (cont.)</u>						
Department of Public Health (cont.)						
Public Protection	124.72	131.77	134.35	130.25	-1.52	-1.2%
Resource Management	51.91	54.76	56.45	52.45	-2.31	-4.2%
Total Department of Public Health	345.44	384.50	378.70	368.60	-15.90	-4.1%
Unappropriated						
Vital Records Modernization	19.46	27.25	27.25	27.25	0.00	0.0%
Total Health, Department of Public	364.90	471.75	465.95	432.85	-38.90	-8.2%
<u>Human Rights, Department of</u>						
Human Rights, Dept. of						
Administration	7.00	7.00	7.00	7.00	0.00	0.0%
Deaf Services	5.56	7.00	7.00	7.00	0.00	0.0%
Persons with Disabilities	2.59	3.50	3.49	3.50	0.00	0.0%
Division of Latino Affairs	3.23	3.00	3.00	3.00	0.00	0.0%
Status of Women	2.93	3.00	3.00	3.00	0.00	0.0%
Status of African Americans	1.99	2.00	2.00	2.00	0.00	0.0%
Criminal & Juvenile Justice	8.36	9.15	8.40	9.15	0.00	0.0%
Community Grant Fund	0.00	0.75	1.25	0.75	0.00	0.0%
CJJP Justice Data Warehouse	0.02	0.00	0.00	0.00	0.00	
Total Human Rights, Dept. of	31.68	35.40	35.14	35.40	0.00	0.0%
Unappropriated						
Disability Donations & Grants	1.84	3.39	1.89	1.89	-1.50	-44.2%
Weatherization-D.O.E.	5.50	11.98	7.65	7.65	-4.33	-36.1%
Justice Assistance Act	3.73	6.06	5.30	5.30	-0.76	-12.5%
Juvenile Accountability	1.02	1.60	1.60	1.60	0.00	0.0%
Community Grant Fund	1.13	3.08	2.00	2.00	-1.08	-35.1%

Health and Human Rights

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Rights, Department of (cont.)</u>						
Unappropriated (cont.)						
Status of Women Federal Grants	0.30	0.00	0.00	0.00	0.00	
Oil Overcharge Weatherization	0.20	0.20	0.20	0.20	0.00	0.0%
Low Income Energy Assistance	3.24	3.52	3.19	3.19	-0.33	-9.4%
Weatherization - HHS (LEAP)	0.62	0.55	0.55	0.55	0.00	0.0%
Juvenile Accountability Block	1.17	1.00	1.00	1.00	0.00	0.0%
CSBG - Community Action Agcy	5.39	11.11	7.41	7.41	-3.70	-33.3%
Total Unappropriated	24.14	42.49	30.79	30.79	-11.70	-27.5%
Total Human Rights, Department of	55.82	77.89	65.93	66.19	-11.70	-15.0%
<u>Veterans Affairs, Comm. of</u>						
Veterans Affairs, Comm. of						
Veterans Affairs, Comm of	4.87	4.34	4.00	3.00	-1.34	-30.9%
Iowa Veterans Home	837.66	845.00	845.00	843.00	-2.00	-0.2%
Total Veterans Affairs, Comm. of	842.53	849.34	849.00	846.00	-3.34	-0.4%
Unappropriated						
Iowa Veterans Home Canteen	5.39	4.86	4.86	4.86	0.00	0.0%
Total Veterans Affairs, Comm. of	847.92	854.20	853.86	850.86	-3.34	-0.4%
Total Health and Human Rights	1,441.49	1,594.85	1,579.24	1,539.15	-55.70	-3.5%

Human Services

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Human Services, Department of</u>						
Economic Assistance						
Family Investment Program	9.06	11.00	9.00	9.00	-2.00	-18.2%
Child Support Recoveries	264.20	404.40	406.40	406.40	2.00	0.5%
Total Economic Assistance	273.26	415.40	415.40	415.40	0.00	0.0%
Medical Services						
Health Insurance Premium Pmt.	15.61	22.00	22.00	22.00	0.00	0.0%
Medical Contracts	0.00	8.00	0.00	0.00	-8.00	-100.0%
Total Medical Services	15.61	30.00	22.00	22.00	-8.00	-26.7%
Child and Family Services						
Toledo Juvenile Home	128.52	135.04	140.54	134.54	-0.50	-0.4%
Eldora Training School	217.63	229.53	229.53	218.53	-11.00	-4.8%
Community Based Services	1.00	1.00	1.00	0.00	-1.00	-100.0%
Total Child and Family Services	347.15	365.57	371.07	353.07	-12.50	-3.4%
MH/MR/DD/BI						
Cherokee Mental Health Inst.	234.98	248.44	248.44	227.65	-20.79	-8.4%
Clarinda Mental Health Inst.	130.90	130.67	138.59	126.15	-4.52	-3.5%
Independence Mental Health Ins	348.06	354.46	354.46	362.80	8.34	2.4%
Mt. Pleasant Mental Health Ins	105.34	109.47	109.47	30.83	-78.64	-71.8%
Glenwood Resource Center	835.34	877.75	877.75	873.75	-4.00	-0.5%
Woodward Resource Center	656.03	676.76	676.76	673.76	-3.00	-0.4%
Sexual Predator Civil Commit.	16.85	25.00	37.00	44.00	19.00	76.0%
Total MH/MR/DD/BI	2,327.50	2,422.55	2,442.47	2,338.94	-83.61	-3.5%
Managing and Delivering Services						
Field Operations	2,070.54	2,128.50	2,026.50	1,896.00	-232.50	-10.9%
General Administration	338.69	385.00	384.00	356.00	-29.00	-7.5%
Total Managing and Delivering Services	2,409.23	2,513.50	2,410.50	2,252.00	-261.50	-10.4%

Human Services

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Human Services, Department of (cont.)						
Unappropriated						
Woodward Warehouse Rev. Fund	6.09	5.80	5.80	5.80	0.00	0.0%
MI/MR/DD Case Management	97.68	109.00	115.32	115.32	6.32	5.8%
Iowa Refugee Service Center	23.34	27.73	27.73	27.73	0.00	0.0%
Refugee Resettlement	2.61	2.60	2.60	2.60	0.00	0.0%
Child Abuse Project	5.86	6.00	6.00	6.00	0.00	0.0%
Community MH Block Grant	0.95	1.00	1.00	1.00	0.00	0.0%
Eldora Canteen Fund	0.70	0.25	0.25	0.25	0.00	0.0%
Mt. Pleasant Canteen Fund	0.66	0.70	0.70	0.70	0.00	0.0%
IV-E Independent Living Grant	9.96	10.00	10.00	10.00	0.00	0.0%
Glenwood Canteen Fund	2.66	2.66	2.66	2.66	0.00	0.0%
Federal Grants	0.00	1.00	1.00	1.00	0.00	0.0%
Total Unappropriated	150.51	166.74	173.06	173.06	6.32	3.8%
Total Human Services	5,523.26	5,913.76	5,834.50	5,554.47	-359.29	-6.1%

Justice System

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Attorney General</u>						
General Office A.G.	193.68	200.50	200.49	200.48	-0.02	0.0%
Prosecuting Attorney Training	5.33	6.00	6.00	6.00	0.00	0.0%
Area GASA Prosecuting Attys.	1.72	2.00	2.00	2.00	0.00	0.0%
Consumer Advocate	25.80	32.00	32.00	32.00	0.00	0.0%
Victim Assistance Grants	0.00	0.00	0.00	2.00	2.00	
Victim Compensation Fund	19.50	20.00	24.00	24.00	4.00	20.0%
Total Attorney General	246.03	260.50	264.49	266.48	5.98	2.3%
<u>Corrections, Department of</u>						
CBC Districts						
CBC District I	201.51	199.91	205.01	199.26	-0.65	-0.3%
CBC District II	144.87	141.84	143.57	140.34	-1.50	-1.1%
CBC District III	83.99	81.85	82.99	80.99	-0.86	-1.1%
CBC District IV	64.00	74.00	80.50	76.67	2.67	3.6%
CBC District V	231.65	227.32	231.65	243.52	16.20	7.1%
CBC District VI	194.78	195.28	195.28	195.28	0.00	0.0%
CBC District VII	105.45	104.45	105.45	104.45	0.00	0.0%
CBC District VIII	94.05	95.28	88.85	88.35	-6.93	-7.3%
Total CBC Districts	1,120.30	1,119.93	1,133.30	1,128.86	8.93	0.8%
Corrections Central Office						
Central Office Corrections	36.50	36.48	37.18	42.18	5.70	15.6%
Corrections Training Center	7.50	7.71	7.50	0.00	-7.71	-100.0%
Total Corrections Central Office	44.00	44.19	44.68	42.18	-2.01	-4.5%
Corrections Institutions						
Ft. Madison Inst.	490.89	498.73	521.50	561.56	62.83	12.6%
Anamosa Inst.	387.39	383.62	394.75	379.75	-3.87	-1.0%
Oakdale Inst.	327.85	330.21	338.00	328.50	-1.71	-0.5%

Justice System

FTE

	Actual FY 2001 <u>(1)</u>	Estimated FY 2002 <u>(2)</u>	Dept Request FY 2003 <u>(3)</u>	Gov Rec FY 2003 <u>(4)</u>	Gov Rec vs FY 2002 <u>(5)</u>	Percent Change <u>(6)</u>
<u>Corrections, Department of (cont.)</u>						
Corrections Institutions (cont.)						
Newton Inst.	371.89	377.57	391.25	371.25	-6.32	-1.7%
Mt Pleasant Inst.	331.81	332.95	338.16	329.56	-3.39	-1.0%
Rockwell City Inst.	117.06	112.01	113.00	110.00	-2.01	-1.8%
Clarinda Inst.	284.52	291.10	294.75	291.76	0.66	0.2%
Mitchellville Inst.	217.50	219.31	227.50	216.50	-2.81	-1.3%
Ft. Dodge Inst.	396.49	395.70	413.00	395.00	-0.70	-0.2%
Total Corrections Institutions	<u>2,925.40</u>	<u>2,941.20</u>	<u>3,031.91</u>	<u>2,983.88</u>	<u>42.68</u>	<u>1.5%</u>
Unappropriated						
Consolidated Farm Operations	4.32	6.00	6.00	6.00	0.00	0.0%
Iowa State Industries	82.18	84.34	84.34	84.34	0.00	0.0%
Recycling Program	0.00	1.00	1.00	1.00	0.00	0.0%
IMCC Inmate Tele Rebate	0.00	2.00	2.00	2.00	0.00	0.0%
Anamosa Canteen Fund	2.01	1.00	2.00	2.00	1.00	100.0%
Oakdale Canteen Fund	0.00	1.00	1.00	1.00	0.00	0.0%
Mt. Pleasant Canteen Fund	1.76	1.80	1.80	1.80	0.00	0.0%
Total Unappropriated	<u>90.27</u>	<u>97.14</u>	<u>98.14</u>	<u>98.14</u>	<u>1.00</u>	<u>1.0%</u>
Total Corrections, Department of	<u>4,179.97</u>	<u>4,202.46</u>	<u>4,308.03</u>	<u>4,253.06</u>	<u>50.60</u>	<u>1.2%</u>
<u>Inspections & Appeals, Dept of</u>						
Public Defender	199.04	202.00	202.00	202.00	0.00	0.0%
<u>Judicial Branch</u>						
Judicial Branch						
Judicial Branch	2,041.51	2,104.38	1,913.98	1,913.98	-190.40	-9.0%

Justice System

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Judicial Branch (cont.)</u>						
Unappropriated						
Court Tech.& Modern. Fund	11.97	13.00	1.00	1.00	-12.00	-92.3%
Total Judicial Branch	2,053.48	2,117.38	1,914.98	1,914.98	-202.40	-9.6%
<u>Law Enforcement Academy</u>						
Operations	29.71	29.05	29.05	29.05	0.00	0.0%
<u>Parole, Board of</u>						
Parole Board	15.18	16.00	16.50	16.00	0.00	0.0%
<u>Public Defense, Department of</u>						
Public Defense, Dept. of						
Military Division	252.98	271.42	274.89	274.89	3.47	1.3%
Emergency Management Division						
Emergency Management Division	24.93	25.25	25.25	28.25	3.00	11.9%
Unappropriated						
Wireless E911 Surcharge	2.41	2.50	2.50	2.50	0.00	0.0%
Hazard Mitigation #1121	0.00	1.00	0.00	0.00	-1.00	-100.0%
Nat Guard Fac Improv Fund	2.23	2.70	2.70	2.70	0.00	0.0%
Military Operations Fund	4.00	4.00	4.00	4.00	0.00	0.0%
Public Private Partner Init.	0.40	0.00	0.00	0.00	0.00	
Power Plant Funds	4.52	7.75	7.25	7.25	-0.50	-6.5%
Hazard Mitigation	2.73	6.25	3.25	3.25	-3.00	-48.0%
State & Local Assistance	2.59	3.75	3.75	3.75	0.00	0.0%
Emergency Response Fund	0.63	0.80	0.80	0.80	0.00	0.0%
Haz Mat Trans UNIF Safety Act	0.98	1.70	1.70	1.70	0.00	0.0%
93 Summer Flood	0.00	2.00	2.00	2.00	0.00	0.0%

Justice System

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Public Defense, Department of (cont.)</u>						
Unappropriated (cont.)						
Title III, Haz Mat Train Fund	0.30	0.00	1.00	1.00	1.00	
1999 Storm #1282/Pub. Asst.	1.63	1.50	5.25	5.25	3.75	250.0%
Total Unappropriated	22.42	33.95	34.20	34.20	0.25	0.7%
Total Public Defense, Department of	300.33	330.62	334.34	337.34	6.72	2.0%
<u>Public Safety, Department of</u>						
Public Safety, Dept. of						
Public Safety Administration	38.86	39.50	39.50	38.50	-1.00	-2.5%
Investigation, DCI	221.24	231.50	231.50	231.50	0.00	0.0%
Narcotics Enforcement	60.81	58.00	57.00	58.00	0.00	0.0%
Fire Marshal	34.45	38.80	38.80	38.80	0.00	0.0%
Fire Service	6.93	12.00	12.00	12.00	0.00	0.0%
Capitol Security	25.46	26.00	26.00	26.00	0.00	0.0%
Iowa State Patrol	571.16	549.00	549.00	545.00	-4.00	-0.7%
Fire Fighter Training	1.00	1.00	1.00	1.00	0.00	0.0%
Total Public Safety, Dept. of	959.91	955.80	954.80	950.80	-5.00	-0.5%
Unappropriated						
Peace Officers Retirement Fund	1.05	1.00	1.00	1.00	0.00	0.0%
Total Public Safety, Department of	960.96	956.80	955.80	951.80	-5.00	-0.5%
Total Justice System	7,984.70	8,114.81	8,025.19	7,970.71	-144.10	-1.8%

Trans., Infra., Capitals

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
Transportation, Department of						
Primary Road Fund						
Operations & Finance	299.70	310.00	267.00	267.00	-43.00	-13.9%
Administrative Services	42.60	42.00	37.00	37.00	-5.00	-11.9%
Planning & Programming	145.00	163.00	146.00	146.00	-17.00	-10.4%
Highway Division	2,575.00	2,782.00	2,482.00	2,482.00	-300.00	-10.8%
Motor Vehicle	551.20	562.00	526.00	526.00	-36.00	-6.4%
Total Primary Road Fund	3,613.50	3,859.00	3,458.00	3,458.00	-401.00	-10.4%
Unappropriated						
Materials and Equipment Revolv	86.90	89.00	87.00	87.00	-2.00	-2.2%
Highway Beautification Fund	7.10	9.00	9.00	9.00	0.00	0.0%
Total Unappropriated	94.00	98.00	96.00	96.00	-2.00	-2.0%
Total Trans., Infra., & Capitals	3,707.50	3,957.00	3,554.00	3,554.00	-403.00	-10.2%

Oversight and Communications

FTE

	<u>Actual</u> <u>FY 2001</u>	<u>Estimated</u> <u>FY 2002</u>	<u>Dept Request</u> <u>FY 2003</u>	<u>Gov Rec</u> <u>FY 2003</u>	<u>Gov Rec</u> <u>vs FY 2002</u>	<u>Percent</u> <u>Change</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
<u>Education, Department of</u>						
IPTV - Regional Councils	7.85	8.00	8.00	8.00	0.00	0.0%
<u>IA Telecommun & Technology Commission</u>						
IA Telecomm. & Technology	99.94	105.00	105.01	105.01	0.01	0.0%
<u>Information Technology, Dept. of</u>						
ITD Operations	65.86	0.00	0.00	0.00	0.00	
Pooled Technology Account	2.65	0.00	0.00	0.00	0.00	
IT Operations Revolving Fund	67.80	125.00	143.00	167.45	42.45	34.0%
Reversion Incentive Program	0.02	0.00	0.00	0.00	0.00	
Total Information Technology, Dept. of	<u>136.33</u>	<u>125.00</u>	<u>143.00</u>	<u>167.45</u>	<u>42.45</u>	<u>34.0%</u>
Total Oversight and Communications	<u>244.12</u>	<u>238.00</u>	<u>256.01</u>	<u>280.46</u>	<u>42.46</u>	<u>17.8%</u>

Unassigned Standing

FTE

	Actual FY 2001	Estimated FY 2002	Dept Request FY 2003	Gov Rec FY 2003	Gov Rec vs FY 2002	Percent Change
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Legislative Branch</u>						
Legislative Branch	412.09	412.09	412.09	412.09	0.00	0.0%
Total Legislative Branch	412.09	412.09	412.09	412.09	0.00	0.0%
<u>Public Defense, Department of</u>						
Compensation & Expense	0.10	0.00	0.00	0.00	0.00	
Total Unassigned Standing	412.19	412.09	412.09	412.09	0.00	0.0%

APPENDIX B

PROJECTED FY 2003 BUILT-IN AND ANTICIPATED EXPENDITURES

(Dollars in Millions)

	Current Law Estimates	Gov's Recomm.	Difference
FY 2003 Incremental Built-in Increases and Decreases			
K-12 School Foundation Aid	\$ 147.7	\$ 59.0	\$ -88.7
M&E Property Tax Replacement Fund	5.5	5.5	0.0
Homestead Tax Credit	0.4	0.4	0.0
Elderly and Disabled Tax Credit	0.8	0.8	0.0
Human Services – Medical Assistance	106.7	-9.2	-115.9
Human Services – State Supplementary Assistance	0.9	0.8	-0.1
Human Services – State Children’s Health Insurance Program	9.0	5.7	-3.3
Mental Health Growth Factor	5.9	5.5	-0.4
Human Services – State Cases	1.9	1.9	0.0
Education – Technology/School Improvement	20.0	0.0	-20.0
Education – Nonpublic School Transportation	0.5	0.5	0.0
School to Careers Program	0.5	0.0	-0.5
Total Built-in Increases and Decreases	\$ 299.8	\$ 70.9	\$ -228.9

Projected FY 2003 Incremental Built-in and Anticipated Expenditures (Continued)

(Dollars in Millions)

	<u>Current Law Estimates</u>	<u>Gov's Recomm.</u>	<u>Difference</u>
FY 2003 Anticipated Incremental Increases and Decreases			
Collective Bargaining Salary Packages	\$ 72.9	\$ 63.9	\$ -9.0
Teacher Quality Act	120.0	40.0	-80.0
Corrections – New Beds and Start-up Costs	5.9	5.9	0.0
Inspections and Appeals – Indigent Defense	5.4	0.5	-4.9
Judicial Branch – Retirement Fund Contribution	0.7	0.7	0.0
Judicial Branch – New Building Costs	2.6	0.8	-1.8
Department of Personnel – Admin. & Program Operations Unit	0.1	0.1	0.0
Education – Iowa Empowerment Fund	1.1	0.0	-1.1
Education – College Student Aid Work Study Program	2.8	0.3	-2.5
Public Health – Substance Abuse Treatment Facility	2.5	1.1	-1.4
Healthy Iowans Tobacco Trust – Maintain Supp. Funding	1.9	0.0	-1.9
DHS – Maintain TANF Programs	12.0	0.0	-12.0
DHS – State Resource Centers Increased Revenue	-3.1	-3.1	0.0
DHS – Maintain Reimbursement Rate/70.0% USDA	1.4	0.0	-1.4
DHS – Children/Families Caseload Increase/Adjustment	1.0	0.0	-1.0
DHS – Increased Individuals/Services Eligible for Federal Aid	1.0	0.0	-1.0
DHS – Medical Contracts Inflationary Costs	0.8	0.0	-0.8
DHS – Sexual Predators Civil Comm. and Treatment	0.5	-0.4	-0.9
DHS – Replace of One-Time Carry Forward Funds	0.4	0.0	-0.4
DHS – General Administration Savings	-0.6	-0.5	0.1
Total Anticipated Increases and Decreases	<u>\$ 229.3</u>	<u>\$ 109.3</u>	<u>\$ -120.0</u>
Total Projected Expenditures	<u>\$ 529.1</u>	<u>\$ 180.2</u>	<u>\$ -348.9</u>

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
BUILT-IN INCREASES OR DECREASES:						
K-12 School Foundation Aid <i>Standing Unlimited Appropriation</i>	The School Foundation Program establishes limits and controls on local school district spending authority. By formula, the Program determines the amount of state aid and local property tax used in funding school district budgets.	<ul style="list-style-type: none"> • FY 2003 allowable growth rate is 4.0%. • Assumes increase in taxable valuations of 3.25%. • Restores the \$7.5 million to AEAs that was reduced in FY 2002. • The 4.3% across-the-board reduction will not impact State aid received in FY 2003. 	\$ 147.7	\$ 59.0	<ul style="list-style-type: none"> • The Governor recommends appropriating \$1,874.1 million in State aid for allowable growth. This includes lowering the FY 2003 allowable growth rate from 4.0% to 1.0% and maintains the \$7.5 million reduction to the AEAs. However, if the calculated State aid amount is greater than the appropriated amount, school districts would have the option of levying for the difference (current estimate is \$11.0 million). 	\$ -88.7
Machinery and Equipment (M & E) Property Tax Replacement Fund <i>Standing Unlimited Appropriation</i>	Due to the phase out of the property tax on M&E, current law provides for the replacement of lost valuation compared to the base year (FY 1996). HF 2165 (1996 Legislative Session) expanded the replacement to include tax increment financing (TIF) districts.	<ul style="list-style-type: none"> • The replacement calculation for FY 2003 subtracts the increase in commercial and industrial property valuation due to additional investment during the M&E property tax repeal. • The percentage of the value of existing machinery and equipment subject to property taxes decreases by 8.0%. 	\$ 5.5	\$ 5.5	<ul style="list-style-type: none"> • No change recommended. 	\$ 0.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Homestead Tax Credit <i>Standing Unlimited Appropriation</i>	Provides a property tax credit for residential homeowners.	<ul style="list-style-type: none"> Includes an increase of \$400,000 due to increased number of homesteads as well as levy rate changes. 	\$ 0.4	\$ 0.4	• No change recommended.	\$ 0.0
Elderly and Disabled Tax Credit <i>Standing Limited Appropriation</i>	Provides a property tax credit for low-income elderly or disabled taxpayers.	<ul style="list-style-type: none"> Based on actual FY 2001 tax credits. 	\$ 0.8	\$ 0.8	• No change recommended.	\$ 0.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – Medical Assistance Appropriation	Medical Assistance is a state/federal entitlement program that provides medical services to eligible low-income recipients. To qualify for federal funding, the State must reimburse providers for certain mandatory services. The State has the option to provide coverage of additional services and can elect to expand coverage to optional eligibility groups. Iowa is currently covering most of the optional services and optional eligibility groups for which federal funding is available. The State also has the ability to set the rates it uses to reimburse service providers, within federal guidelines.	<ul style="list-style-type: none"> • Includes restoration of the FY 2002 4.3% across-the-board reduction: \$17.8 million. • Increased provider reimbursements due to increased eligibles/ utilization: \$52.0 million. • Increase in waiver costs: \$5.3 million. • Increase in various other inflationary/other: \$8.9 million. • Decrease due to increase in federal disproportionate share funds and increased recoveries: \$8.2 million. • Increase due to revised FY 2002 projected need: \$12.0 million. • Increase due to required in statute in RBRVS (resource based relative value system): \$13.0 million. 	\$ 106.7	\$ -9.2	<ul style="list-style-type: none"> • The Governor decreases the need by additional federal match rate: \$5.1 million. • The Governor decreases the need through increased revenues/decreased expenditures: \$40.0 million. • The Governor increases expenditures by the Iowa Veterans Home on net budgeting for FY 2003: \$3.7 million. • The Governor utilizes funding from sources other than the General Fund to decrease the need, including: <ul style="list-style-type: none"> • Revenues from the Hospital Upper Payment Limit (Trust Fund): \$25.0 million. • Revenues from the Senior Living Trust Fund in an amount greater than utilized in FY 2002: \$10 million. • Revenues from the Endowment for Iowa's Health Account: \$12.0 million. 	\$ 115.9

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – State Supplementary Assistance Appropriation	State Supplementary Assistance Program assists individuals who meet SSI eligibility and who need residential care, family life homes, in-home health-related care, dependent person allowance, mandatory supplementary, blind allowance, funeral assistance, and rent subsidy services.	<ul style="list-style-type: none"> State funds must be provided to meet a federal maintenance of effort requirement. The estimate assumes the restoration of the 4.3% across-the-board reduction to avoid federal sanctions. 	\$ 0.9	\$ 0.8	<ul style="list-style-type: none"> Governor's recommendation provides for one-half of the expected increase for residential care facilities and home health services federal maintenance of effort requirements. 	\$ -0.1
Human Services – State Children's Health Insurance Program Appropriation	The State Children's Health Insurance Program (CHIP) provides health insurance to low-income uninsured children living in families with incomes below 200.0% of the federal poverty level.	<ul style="list-style-type: none"> FY 2002 assumes a 50.5% increase in enrollment and a 2.6% increase in average cost per eligible. 	\$ 9.0	\$ 5.7	<ul style="list-style-type: none"> Governor recommendation is based on an increased federal match rate which decreases the General Fund appropriation. The recommendation is also based on a revised DHS projection of utilization for FY 2003, which decreases the General Fund appropriation. 	\$ -3.3

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Mental Health Growth Factor <i>Appropriation</i>	The Mental Health Growth Factor provides an increase for inflation applied to the sum of the county base expenditures for county Mental Health/Mental Retardation/Developmental Disabilities Services funds and the previous allowable growth appropriation.	<ul style="list-style-type: none"> A 2.6636% increase of the base expenditure calculation was the result of enactment of HF 755 (FY 2002 Standings Appropriations Act). The FY 2002 amount was further reduced by the 4.3% across-the-board reduction. 	\$ 5.9	\$ 5.5	<ul style="list-style-type: none"> Governor retains the original FY 2003 increase amount. With the 4.3% across-the-board reduction in FY 2002, the amount of change provided for in HF 755 for FY 2003 automatically would increase to the \$5.9 million. 	\$ -0.4
Human Services – State Cases <i>Appropriation</i>	The State Cases Program provides mental health, mental retardation, or other developmental disability services to persons who do not have a county of legal settlement.	<ul style="list-style-type: none"> Based on FY 2002 costs and entitlements. 	\$ 1.9	\$ 1.9	<ul style="list-style-type: none"> No change recommended. 	\$ 0.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Education – Technology/School Improvement <i>Standing Limited Appropriation</i>	Standing Appropriation allowing school districts to purchase technology-related equipment, materials, and training. Two-thirds of this appropriation may also be used for expenditures under the Early Intervention Block Program. This Appropriation sunsets at the end of FY 2003.	<ul style="list-style-type: none"> Section 256D.5(2), <u>Code of Iowa</u>, sets funding at \$30.0 million annually for FY 2002 and FY 2003. For FY 2002, the Statute was notwithstanding, and funding was reduced to \$10.0 million. 	\$ 20.0	\$ 0.0	• The Governor is recommending that the FY 2002 reduction of \$20.0 million be maintained in FY 2003.	\$ -20.0
Education – Nonpublic School Transportation <i>Standing Unlimited Appropriation</i>	Provides reimbursements to families for transportation costs for sending children to nonpublic primary and secondary schools.	<ul style="list-style-type: none"> Assumes an increase of \$450,000 for fuel-related costs. 	\$ 0.5	\$ 0.5	• No change recommended.	\$ 0.0
School to Career Program <i>Standing Limited Appropriation</i>	Provides post-secondary training (classroom training and company internships) in career fields needed by employers. The employer funds a portion of the student's post-secondary education or apprenticeship training and receives a partial reimbursement for the student employee's wages.	<ul style="list-style-type: none"> Section 15.365, <u>Code of Iowa</u>, appropriates up to \$500,000 annually for the Program. In FY 2002, this Section was notwithstanding and \$35,000 was appropriated. 	\$ 0.5	\$ 0.0	• The Governor is recommending notwithstanding the <u>Code of Iowa</u> and funding the Program at the FY 2002 level (\$33,495).	\$ -0.5

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
ANTICIPATED INCREASES OR DECREASES						
Collective Bargaining Salary Packages Appropriation	Estimated salary increases for negotiated collective bargaining costs.	<ul style="list-style-type: none"> • Salary increases are subject to collective bargaining and represent the historical cost. • Based on the FY 2002 funding level of \$70.0 million plus \$9.0 million from the Unassigned Revenue Fund of the Underground Storage Tank Program. • Includes a savings of \$6.1 million for the across-the-board salary delay. 	\$ 72.9	\$ 63.9	• The Governor's recommendation includes reductions due to annualization of vacant positions resulting from the Early Retirement Program and transferring Department of Public Safety positions to the Motor Vehicle Use Tax. The recommendation also includes an increase of \$8.9 million to account for the FY 2002 salary funding from the Unassigned Revenue Fund of the Underground Storage Tank Program.	\$ -9.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Teacher Quality Program <i>Appropriation</i>	Provides funding to school districts to enhance teacher salaries, for a Beginning Teacher and Mentoring Program, for an evaluator training program for administrators, and for a team-based variable pay pilot program. Provides funding to the Department of Education for the implementation of the Career Development Program, for National Board Certification stipends, and for administration costs of the Program. Provides funds for the Board of Educational Examiners for fees and costs to administer the Praxis II Examination.	<ul style="list-style-type: none"> • Assumes repayment of \$40.0 million to the Endowment for Healthy Iowans. • Includes \$40.0 million to maintain funding at the FY 2002 level. • Includes \$40.0 million for additional program funding. 	\$ 120.0	\$ 40.0	• The Governor continues funding at the FY 2002 level from the General Fund. In FY 2002, this Program was funded from the Endowment for Healthy Iowans.	\$ -80.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Corrections – New Beds and Start up Costs <i>Appropriation</i>	<p>Includes costs associated with new buildings becoming operational and the elimination of onetime costs funded in FY 2002.</p> <p>Various Corrections Projects:</p> <ul style="list-style-type: none"> • \$2.0 million to replace the FY 2001 supplemental appropriation for Fort Madison. The FY 2002 budget was reduced by \$2.0 million, and an FY 2001 supplemental appropriation was provided with a nonreversion clause. • \$22,800 to annualize staff for additional residential beds in Council Bluffs and deduct FY 2001 one-time costs. • \$3.9 million for treatment and security staff for the new Special Needs Unit at Fort Madison. The staff are required per federal court order. 	<ul style="list-style-type: none"> • Includes replacing the FY 2002 supplemental appropriation, which had a nonreversion clause, that is used for operating costs. • Includes opening beds at Fort Madison to comply with a federal court order. • Includes full-year operating costs at the new Council Bluffs Facility. 	\$ 5.9	\$ 5.9	• No change recommended.	\$ 0.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Inspections and Appeals – Indigent Defense and State Public Defender Appropriation	The Indigent Defense Fund and State Public Defender's Office provide legal counsel to indigent adult and juvenile clients to insure their constitutional right to effective legal counsel.	<ul style="list-style-type: none"> Based on historical growth in claims and FY 2001 actual expenditures. Includes \$4.5 million for the projected FY 2003 claims from private attorneys. Assumes current authorized FTEs in the Public Defender's Office will be filled, thereby lowering the overall increase in funds. Provides \$539,700 to the State Public Defender's Office to fill all positions, which lowers the increase for Indigent Defense by \$1.2 million. 	\$ 5.4	\$ 0.5	Assumes fully funding all currently authorized FTE positions in the Office of State Public Defender will generate significant savings in the Indigent Defense Fund.	\$ -4.9

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Judicial Branch – Retirement Fund Contribution Appropriation	The Judicial Retirement System provides retirement benefits to judges. Pursuant to Section 602.9104(4), Code of Iowa, the employer's contribution rate is 23.7% of all covered judges' salaries.	<ul style="list-style-type: none"> Assumes a 3.0% cost of living increase. This assumes the contribution rate is set at 18.7 %. 	\$ 0.7	\$ 0.7	• No change recommended.	\$ 0.0
Judicial Branch – New Building Costs Appropriation	This includes the costs associated with opening and operating the new Judicial Building.	<ul style="list-style-type: none"> Includes onetime costs of \$1.3 million for furniture and equipment and \$300,000 for moving expenses. Includes \$1.0 million for the first year operating expenses. 	\$ 2.6	\$ 0.8	• Governor recommends transferring \$1.3 million for onetime cost of furnishings to Restricted Capital Fund. The Governor does not recommend \$300,000 in moving expenses and reduces the first-year operating expense by \$200,000.	\$ -1.8
Personnel – Administration and Program Operations Unit Appropriation	Senate File 497 (FY 2002 IPERS Restructuring Act), as passed during the 2001 Session, requires the Department of Personnel to pay all of the staff costs that had been shared with IPERS.	<ul style="list-style-type: none"> Includes the estimated payments to employees. 	\$ 0.1	\$ 0.1	• No change recommended.	\$ 0.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Education – Iowa Empowerment Fund <i>Appropriation</i>	The funding is distributed in the form of School Ready Grants to 58 Community Empowerment Areas.	<ul style="list-style-type: none"> In FY 2002, the General Assembly reduced the General Fund appropriation to Empowerment by \$936,000 and replaced it with \$1.1 million from the Healthy Iowans Tobacco Trust Fund. 	\$ 1.1	\$ 0.0	<ul style="list-style-type: none"> The Governor is not recommending that the \$1.1 million in FY 2002 Tobacco funding be replaced with General Fund dollars in FY 2003. 	\$ -1.1
Education – College Student Aid Work Study Program <i>Standing Limited Appropriation</i>	This is a standing limited appropriation set at \$2,750,000 in Section 261.85, Code of Iowa. This State funding is provided to colleges and universities to supplement federal work study funds of approximately \$11.0 million annually. The State funding does not serve as a match for the federal funds.	<ul style="list-style-type: none"> This funding was nullified for FY 2002 in SF 535 (FY 2002 Education Appropriations Act). 	\$ 2.8	\$ 0.3	<ul style="list-style-type: none"> Governor recommends partial funding as a pilot project. 	\$ -2.5

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Public Health – Substance Abuse Treatment Facility Appropriation	In FY 2002, this Program was funded with the FY 2001 ending balance from Tobacco proceeds.	<ul style="list-style-type: none"> • Annualized operational costs for new program started in FY 2002 with Tobacco Settlement Funds. • Assumes Program will be continued with General Fund appropriation. • Assumes \$1.3 million will carry forward from the FY 2002 appropriation. 	\$ 2.5	\$ 1.1	<ul style="list-style-type: none"> • The Governor's recommendation funds operating costs for approximately 50 beds. • Full funding of annual operating costs for the 100-bed facility is \$3.8 million. Assuming that \$1.3 million will carry forward from FY 2002, \$2.5 million is required to operate the facility at full capacity. 	\$ -1.4
Healthy Iowans Tobacco Trust – Maintain Supplemental Funding Appropriation	In FY 2002, the Legislature appropriated \$57.7 million from the Healthy Iowa Tobacco Trust Fund for health-related programs (not including funding for the Iowa Empowerment Fund or the Substance Abuse Treatment mentioned above). The planned appropriation from the Endowment for Healthy Iowans in FY 2003 is \$55.8 million.	<ul style="list-style-type: none"> • The estimate includes the amount of program funding provided in FY 2002 that is currently not planned to be funded from the Endowment. 	\$ 1.9	\$ 0.0	<ul style="list-style-type: none"> • The Governor utilizes the estimated FY 2002 ending balance of the Healthy Iowans Tobacco Trust for FY 2003. 	\$ -1.9

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – Maintain TANF Programs <i>Appropriation</i>	The Temporary Assistance to Needy Families (TANF) Program provides funding to states to assist needy families with children in order for children to be cared for in their own home, to reduce dependency by promoting job preparation, work, and marriage.	<ul style="list-style-type: none"> This increase would maintain FY 2002 funding levels for TANF Programs in FY 2003. The State anticipates a decrease of \$12.0 million in TANF funding in FY 2003. 	\$ 12.0	\$ 0.0	<ul style="list-style-type: none"> The Governor is not recommending replacing the TANF funds with a General Fund appropriation. 	\$ -12.0
Human Services – State Resource Centers Increased Revenue <i>Appropriation</i>	The State Resource Centers at Glenwood and Woodward are operated on a net budgetary system. This permits the Schools to retain most of the revenues directly, in lieu of a greater State appropriation.	<ul style="list-style-type: none"> Based on the DHS FY 2003 request. 	\$ -3.1	\$ -3.1	<ul style="list-style-type: none"> No change recommended. 	\$ 0.0
Human Services – Maintain Reimbursement Rate/70.0% USDA <i>Appropriation</i>	Percentage of reimbursement for certain foster care services historically provided by the Iowa General Assembly has been 70.0% of the United States Department of Agriculture estimated annual cost for raising a child.	<ul style="list-style-type: none"> Based on the DHS adjustment in ages, in addition to an increase in the rate as in FY 2002. 	\$ 1.4	\$ 0.0	<ul style="list-style-type: none"> The Governor's recommendation does not fund the historical annual increase. 	\$ -1.4

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – Children/Families Caseload Increase/Adjustment Appropriation	Maintains child welfare services at the current year cost, with changes in numbers served and per diem rates based on services provided.	• Based on the DHS FY 2003 request.	\$ 1.0	\$ 0.0	• The Governor's recommendation does not fund the historical annual increase.	\$ -1.0
Human Services – Increased Individuals/ Services Eligible for Federal Aid Appropriation	Changes in the number of services or individuals which have been served with State funds, which may now be eligible for a draw of federal funds for the same service or individual.	• It is estimated that fewer services will be eligible for federal funding. There have been several years of negotiations with the federal government regarding particularly the services for which the State Department of Human Services have been charging the federal government. Instead of the typical decrease in cost of this category of expenditure, the reverse may have to occur in FY 2003 due to questions by the federal government.	\$ 1.0	\$ 0.0	• The Governor's recommendation does not fund the historical annual increase.	\$ -1.0

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – Medical Contracts Inflationary Costs Appropriation	Increased costs associated with various contracts for services associated with the Medical Assistance Program.	• Contract with Fiscal Agent has provision for escalating inflationary increases.	\$ 0.8	\$ 0.0		\$ -0.8
Human Services – Sexual Predators Civil Commitment and Treatment Appropriation	Long-term mental health treatment of sexually violent predators, with housing at the Iowa Medical Classification Center at Oakdale.	• Based on the DHS FY 2003 request. Does not include the \$2.0 million requested for additional space needs. A pending U.S. Supreme Court case may impact the amount needed.	\$ 0.5	\$ -0.4	• The Governor's recommendation includes an increase of \$2.1 million for the Sexual Predator Civil Commitment Program and \$1.0 million at the Independence MHI for the transfer of 20 psych beds from Mt. Pleasant to Independence. The recommendation includes a reduction of \$3.5 million to the Mt. Pleasant MHI due to converting the facility from a mental health treatment facility to a facility used for the Sexual Predator Commitment Program.	\$ -0.9

FY 2003 ESTIMATED GENERAL FUND EXPENDITURE INCREASES AND DECREASES

(Dollars in Millions)

Programs/Appropriations (1)	Description of Programs (2)	Factors (3)	Current Law FY 2003 vs. FY 2002 (4)	Gov's Rec. FY 2003 vs. FY 2002 (5)	Governor's Recommended Changes from Current Law (6)	Difference (7)
Human Services – Replacement of One-Time Carry Forward Funds from FY 2001 Appropriation	Carry forward funds from the Sexual Predator Commitment Program.	<ul style="list-style-type: none"> The number of individuals committed under the Sexual Predator Commitment Program did not increase at the rate funded during FY 2001 and, therefore, permitted one-time funds to carry forward into FY 2002. 	\$ 0.4	\$ 0.0	<ul style="list-style-type: none"> This funding is included within the Governor's recommendation pertaining to the relocation of the Program from Oakdale to Mt. Pleasant. 	\$ -0.4
Human Services – General Administration Savings Appropriation	The DHS General Administration budget was reduced in FY 2002 by \$588,000.	<ul style="list-style-type: none"> Savings estimated due to across-the-board reductions being permanent based on current restructuring. 	\$ -0.6	\$ -0.5	<ul style="list-style-type: none"> The Governor's recommendation reflects the transfer of funds to the Field Operations Budget Unit. 	\$ 0.1

APPENDIX C

GLOSSARY OF BUDGET TERMS

Across-The-Board Reduction: Section 8.31, Code of Iowa, authorizes the Governor to reduce quarterly allotments of appropriations in amounts sufficient to avoid an overdraft or deficit. The Governor, through Executive Order, has the authority to enact across-the-board reductions in order to restrict spending. While the actual appropriation amount will remain unchanged, the reduction in allotments will reduce spending and will increase reversions. The statute specifically exempts the Legislative Branch and the Judicial Branch from across-the-board reductions made by the Governor under Executive Order. The Governor cannot exempt any appropriations from across-the-board reductions; the reduction must be applied across-the-board uniformly and prorated between all departments, agencies, and establishments upon the basis of their respective appropriation. Attorney General opinions in 1980 and 1989 stated that the Governor may not make selective mandatory reductions in appropriations through the practice of “targeted reversions.” Governor Ray issued two of these Orders, Governor Branstad issued four, and Governor Vilsack issued a 4.3% (\$203. million) spending reduction in Executive Order Number 24 on November 1, 2001.

Accrual: The basis of accounting under which revenues are recorded when earned and expenditures are recognized in the period in which benefit is derived. It provides for the matching of expense against related revenue.

Allocation: Funds and/or personnel which are apportioned or designated to a function, program, or activity.

Appropriation: A legislative allocation of money for a specific purpose.

75.0% Base Budgeting: A form of modified base budgeting used by the State in which agency managers assume for budgeting purposes that 75.0% of the current appropriation becomes the base for the next fiscal year's budget.

Budget Unit: A predetermined grouping of one or more organizations that indicates an individual entity within a department. There may be one or more budget units within a department. A budget unit generally equals an appropriation made by the General Assembly.

Budgeting for Results: A form of budgeting which ties the appropriation of resources to the outcomes or results expected from a program. A results-oriented performance budget is developed by defining desired program results and determining how many units of the desired outcomes can be achieved with the requested level of funding. Resources are then allocated based on the performance expected. Progress toward meeting the outcomes is tracked and analyzed, and department directors are held accountable for the performance.

Capital Appropriation: An appropriation for long-term additions to or betterment of State property such as land, buildings, or equipment.

Contract Personnel: Additional workers departments hire from private sector employment organizations using a contractual agreement. The individuals are employees of the employment agencies and not the State of Iowa.

Cost-Of-Living Adjustment (COLA): An annual increase made in the personal services line-item at the start of the fiscal year to take account of increases in the cost of living. The adjustment is determined through the collective bargaining process.

Deappropriation: A decrease in the amount of an appropriation for a current fiscal year.

Decision Package: An individual request for funding made by a department for personnel, services, equipment, capitals, or other items. Decision packages are either requests to return the budget to 100.0% of the previous year's appropriation from the 75.0% base budget, or new requests for funding, over and above the previous year's appropriation. Decision packages are normally listed in priority order for each budget unit.

Electronic Publishing of Information: A project to provide electronic access to information produced or provided by the Legislative Fiscal Bureau.

Estimated Revenues: A projection compiled by the Revenue Estimating Conference (REC) for General Fund receipts.

Expenditures: Disbursements and payables for services rendered and goods received including authorized encumbrances for a specific period.

Estimated Expenditures: A projection compiled according to legislative action, adjusted for salary, cost-of-living, and merit increases.

Family Investment Program (FIP): The Program in Iowa replacing the Aid for Families with Dependent Children (AFDC) Program, also referred to as Welfare. The FIP is administered by the Iowa Department of Human Services and receives federal funding from the Temporary Assistance for Needy Families (TANF) federal block grant.

Federal Fiscal Year (FFY): The 12-month financial period used for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management for the federal government. The fiscal year of the federal government is October 1 through September 30.

Fiscal Year (FY): The 12-month financial period used for record keeping, budgeting, appropriating, revenue collecting, and other aspects of fiscal management. The fiscal year of the State of Iowa is July 1 to June 30.

Full-Time Equivalent (FTE) Positions: One full-time equivalent position represents 2,080 working hours, which is the regular number of hours one full-time person works in one fiscal year.

General Fund: The fiscal entity whose receipts are not earmarked for dedicated purposes and which supports the general functions of State government.

Generally Accepted Accounting Principles (GAAP): A method of accounting approved by the Governmental Accounting Standards Board.

Goal: A broad statement of purpose or intended achievement as established by policy makers or program administrators.

Grants and Aids: State money that passes through State departments for local needs.

Item Veto: The action by the Governor voiding a section of an appropriation bill.

Line-Item: A term to describe funds requested and/or appropriated on a detailed or itemized basis (personal services, travel, equipment, or other items).

Merit Increase: The normal pay increase granted at the time of an employee's review date. Currently, a merit increase is the equivalent of one merit step or approximately 4.0% of the employee's salary.

New/Expanded Programs: Departmental requests that are above and beyond current operations of the department.

Objective: A specific statement of intent or action that serves to achieve a stated goal.

Operations: An appropriation of funds for the performance of the normal functions of a department or a division.

Organization: A responsibility center within the management structure of a department.

Performance Measures: Criteria used to assess progress toward objectives in the implementation of a program.

Reversion: Following the close of a fiscal year, all unencumbered or unobligated balances revert to the State treasury and to the credit of the fund from which the appropriation was made.

Revolving Fund: A fiscal entity that has a designated revenue source and specific expenditure purpose, with stipulated State agency access to the fund as required. All balances in a revolving fund typically remain in the fund at the close of the fiscal year for expenditure in the future.

Salary Adjustment: Costs for raises, merit steps, and other expenses associated with a collective bargaining agreement. Because the costs of the collective bargaining agreement are unknown at the time of budget submission, departments do not include these costs in their budgets. An appropriation is made to fund the adjustment costs in an annual Salary Bill.

Salary Annualization: Costs due to merit steps, which occur for only part of the first year and require additional funds to fully fund in the second year. For example, if a merit step is given halfway through the fiscal year, the first-year cost to the agency is only one-half the amount the department would incur if the step started on the first day of the fiscal year. The department would incur the entire amount in the second year and request the difference between the first and second year amounts in the budget request.

Standing Limited Appropriation: An appropriation of a specific dollar amount established by the Code of Iowa. An example is the Indian Settlement Officer, Section 331.660, Code of Iowa: "There is appropriated annually from the General Fund of the State to the County of Tama the sum of three-thousand, three-hundred, sixty-five dollars to be used by the County only for the payment . . .".

Standing Unlimited Appropriation: An appropriation of an unspecified dollar amount established by the Code of Iowa. An example reads as follows: "There is hereby appropriated out of any funds in the State treasury not otherwise appropriated a sum sufficient to pay for . . .".

Supplemental Appropriation: Additional funds appropriated for the current fiscal year in addition to the original appropriation.

Temporary Assistance for Needy Families (TANF): The federal block grant created by federal Welfare Reform in FFY 1997, allowing states flexibility in welfare programs and instituting a five-year limitation on aid to families. In Iowa, the TANF block grant provides funding for the Family Investment Program (FIP) and other programs supporting FIP recipients.

APPENDIX D

ISSUE REVIEW SERIES

As part of the continuing effort to provide legislative oversight, the staff of the Legislative Fiscal Bureau (LFB) monitors a variety of issues that develop in state agencies. Many of the issues are reported through the *Fiscal Update* newsletter, but some require more detailed review to present sufficient information and some may require legislative action. To meet the need, the LFB developed an *Issue Review* series in 1992, which presents selected issues to members of the Fiscal Committee, Oversight Committee, and the General Assembly. Where appropriate, each paper contains a specific issue topic, a brief background on information related to the topic, the current situation, affected agencies, Code of Iowa authority, alternatives the General Assembly may wish to consider, and budgetary impacts.

The following Issue *Reviews* have been distributed during the 2001 Legislative Session or Interim and are available from the LFB (listed alphabetically).

- Budget Guarantee Provisions
- Cattle Feedlots
- Child Care Facility Inspections
- Child Protection Centralized Intake Unit
- Child Support Guidelines
- Child Support Recovery
- Community College Funding
- Community Economic Betterment Account Update
- Crime Bills from the 2001 Legislative Session
- Dependent Adult and Elder Abuse
- Integrated Farm and Livestock Management Demonstration Project
- Iowa Braille and Sight Saving School
- Iowa Department for the Blind
- Iowa Veteran's Home
- Iowa's Energy Conservation Financing Programs
- Iowa's Nursing Shortage
- Iowa's System of Libraries
- Iowa's Tobacco Settlement
- Low-Income Home Energy Assistance Program (LIHEAP)
- Overview: Iowa Judicial Branch
- Parking Structure Construction Proposal
- Road Use Tax Fund Overview
- School Foundation Aid – Budget Alternatives for FY 2003
- Section 8.39 Transfers
- Senior Living Trust Fund
- Update on Excursion Gambling Boats, Pari-Mutuel Racing, and Slot Machines at Racetracks for FY 2001
- Visitation and Custody Mediation

APPENDIX E

ELECTRONIC PUBLISHING OF INFORMATION

The Legislative Fiscal Bureau (LFB) provides all standard publications in an electronic format on the Internet at: <http://staffweb.legis.state.ia.us/lfb>. The information that is available includes:

[Bill Analysis \(NOBA\)](#) – Side-by-side analysis of appropriation bills.

[Budget Analysis](#) – Analysis of department requests and Governor’s recommendations for annual budgets.

[Fact Book](#) – Statistical summary information.

[Fiscal Facts](#) – Highlights of the State budget.

[Fiscal Notes](#) – Analysis of the fiscal impact of proposed legislation.

[Fiscal Report \(Graybook\)](#) – End-of-session financial report that includes analysis of enacted legislation.

[Fiscal Update](#) – Weekly LFB newsletter.

[Issue Review](#) – Short reports on current topics before the legislature.

[Presentations](#) – Slide presentations explaining various aspects of State government.

[Revenue/Debt](#) – Includes REC Quarterly Estimates, Daily Receipts (daily and historical revenue information), Monthly Revenue Memo, State Debt Report, and Balance Sheets.

[Tracking](#) – Status and amounts of appropriations.

The site also provides information from each appropriations subcommittee, the Fiscal Committee, and the Legislative Oversight Committee. This information includes:

- Agendas for each meeting posted as soon as the schedule is finalized.
- Minutes of each meeting posted within one week of the meeting.
- Handouts of each meeting, usually posted the same day.

In an attempt to reduce paper and printing costs, the LFB has started producing a semi-annual CD-ROM. This disc contains many products and will be produced at the beginning and end of each legislative session. This enables the LFB to publish over a thousand of pages of information for under \$2.00 per copy

The LFB is continuing to develop the distribution of information in an electronic format. If you have any suggestions, questions, or problems, please contact the LFB.

APPENDIX F

STAFF LISTING

LEGISLATIVE FISCAL BUREAU

Dennis C. Prouty, Director
Capitol, Second Floor
281-5279

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
DEPUTY DIRECTOR	Tim Faller	281-4615	Capitol – Room 217
FISCAL ANALYSIS	Holly Lyons	281-7845	Capitol – Room 217
POLICY ANALYSIS	Douglas Wulf	281-3250	Lucas – Room 148
DATABASE	Glen Dickinson	281-4616	Lucas – Room 148
APPROPRIATIONS SUBCOMMITTEES			
ADMINISTRATION & REGULATION			
Auditor	Ron Robinson	281-6256	Lucas – Room 148
Commerce			
Ethics & Campaign Finance Disclosure			
General Services			
Governor			
Management			
Secretary of State			
Treasurer			
Inspections & Appeals			
Personnel			
Revenue & Finance			

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
AGRICULTURE & NATURAL RESOURCES			
Agriculture Iowa Family Farm Development Authority Natural Resources	Debra Kozel	281-6767	Lucas – Room 148
ECONOMIC DEVELOPMENT			
Economic Development Iowa Finance Authority Public Employment Relations Board Workforce Development	Dwayne Ferguson	281-6561	Lucas – Room 148
EDUCATION			
Board of Regents College Aid Commission Cultural Affairs Education Iowa Public Television	Mary Shipman Robin Madison	281-4617 281-5270	Capitol – Room 17 Lucas – Room 148
HEALTH & HUMAN RIGHTS			
Blind Elder Affairs Governor’s Office of Drug Control Policy Human Rights Civil Rights Public Health Veterans Affairs	Lisa Burk Russ Trimble	281-6765 281-4613	Lucas – Room 148 Lucas – Room 148

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
HUMAN SERVICES			
Child Support Recovery Children's Health Insurance Program Family Investment Program, Promise Jobs, Food Stamps General Administration Medical Services Temporary Assistance for Needy Families (TANF) Block Grant	Sam Leto	281-6764	Capitol – Room 217
Child Care County Based Services Field Operations Foster Care Institutions Juvenile Justice Mental Health/Mental Retardation/Developmental Disabilities Enhanced Services Social Services Block Grant	Sue Lerdal	281-7794	Capitol – Room 217
JUSTICE SYSTEM			
Iowa Law Enforcement Academy Judicial Branch Public Defense Public Safety Corrections	Jennifer Dean	281-7846	Lucas – Room 148
Indigent Defense/Public Defender Justice Department Parole Board	Beth Lenstra	281-6301	Lucas – Room 148
OVERSIGHT & COMMUNICATION			
Iowa Telecommunications & Technology Commission	Douglas Wulf	281-3250	Lucas – Room 148
Pooled Technology Account Information Technology Department	Glen Dickinson	281-4616	Lucas – Room 148

STAFF ASSIGNMENTS	STAFF PERSON	PHONE	LOCATION
TRANSPORTATION, INFRASTRUCTURE, & CAPITALS			
Transportation	Mary Beth Mellick	281-8223	Lucas – Room 148
Capitals	David Reynolds	281-6934	Lucas – Room 148
Iowa State Fair Authority			
WAYS AND MEANS			
Standing Committees	Jeff Robinson	281-4614	Capitol – Room 217
EDUCATION STANDING COMMITTEES			
School Finance	Shawn Snyder	281-7799	Capitol – Room 217
APPROPRIATIONS COMMITTEES			
	Holly Lyons	281-7845	Capitol – Room 217
DATABASE SUPPORT			
	David Kair	281-3685	Lucas – Room 148
	Raymond Knapp	281-5335	Lucas – Room 148
	Scott Miller	281-4612	Lucas – Room 148
ADMINISTRATIVE STAFF			
	Sandra Laust	281-4594	Capitol – Room 217
	Charlotte Mosher	281-5279	Capitol – Room 217
	Nicole Navara	281-6766	Lucas – Room 148